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The

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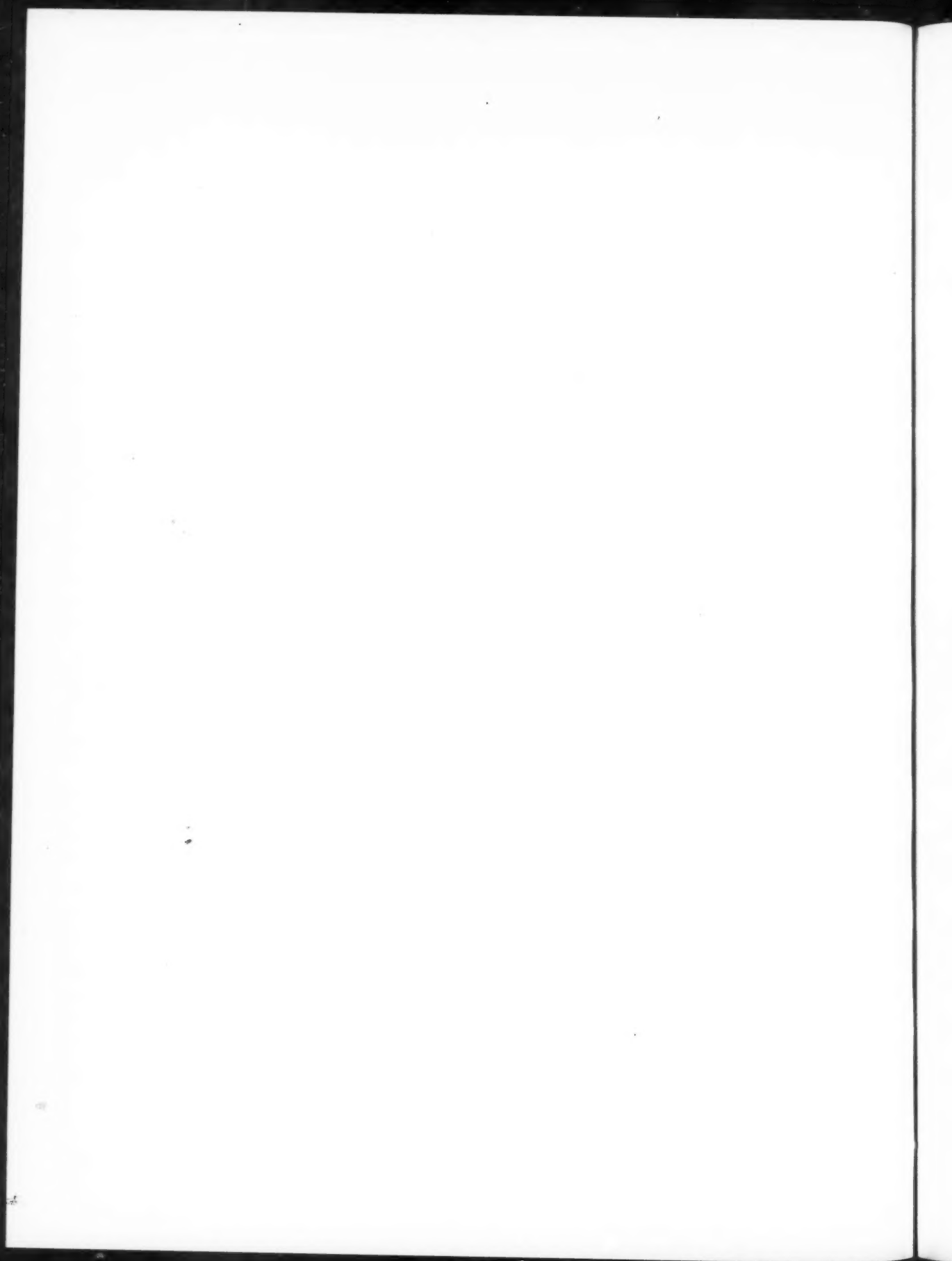
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Note: The Academy was organized on an informal basis from 1936 to 1940,
and was inactive because of World War II from 1942 to 1946.

SUGGESTIONS TO AUTHORS

The objectives of the Academy of Management in their most recently revised form are succinctly worded as follows:

"The Academy is founded to foster the search for truth and the general advancement of learning through free discussion and research in the field of management. The interest of the Academy lies in the theory and practice of management, both administrative and operative. ... It is not concerned with specialized procedures for the control and execution of particular kinds of projects that are significant chiefly in narrow segments of a business field.

"The general objectives of the Academy shall be therefore to foster: (a) a philosophy of management that will make possible an accomplishment of the economic and social objectives of an industrial society with increasing economy and effectiveness: the public's interests must be paramount in any such philosophy, but adequate consideration must be given to the legitimate interests of capital and labor; (b) greater understanding by executive leadership of the requirements for a sound application of the scientific method to the solution of managerial problems, based on such a philosophy; and (c) wider acquaintance and closer co-operation among such persons as are interested in the development of a philosophy and science of management."

It is suggested that, as a general rule, full-length articles contributing to these objectives be approximately 1500 to 3000 words in length. Interested consideration will also be given to shorter, abbreviated notes or ideas relating to specific aspects of management thought, philosophy, theory, techniques of wide applicability, curriculum-building, or teaching. Perhaps one of the more important heuristic functions that this Journal can fulfill is that of exchanging specific new insights into challenging management problems. Since what is really new tends to be still in an area of controversy, we shall expect (and hope for) considerable argument. Rebuttals, rejoinders, comments, objections, extensions of a writer's thoughts--all of these will be particularly welcome.

Many of us have specific, detached ideas on various topics, and notes on such topics could be submitted for the consideration of our readers without investing extensive scholarly effort. An important requirement is that manuscripts be written in a straightforward style of English--esoteric writing will find no place in the Journal of the Academy of Management. The Academy's Research and Publications Committee has decided against the publication of book reviews.

Manuscripts should ordinarily be double-spaced; however, single-spacing will be accepted if this makes it unnecessary for the author to re-type his article. A single copy of the manuscript will suffice. Typing, or any form of mechanical reproduction is acceptable, if it is clearly legible. All manuscripts submitted to the editor will be re-typed and identified only by a code number. This will insure an objective and impartial evaluation by the Academy's Research and Publications Committee. The editor will not reveal the identity of the writer to any person without the author's express consent.

Suggestions, criticisms, or comments on matters relating to the Journal will at all times find a welcome reception.
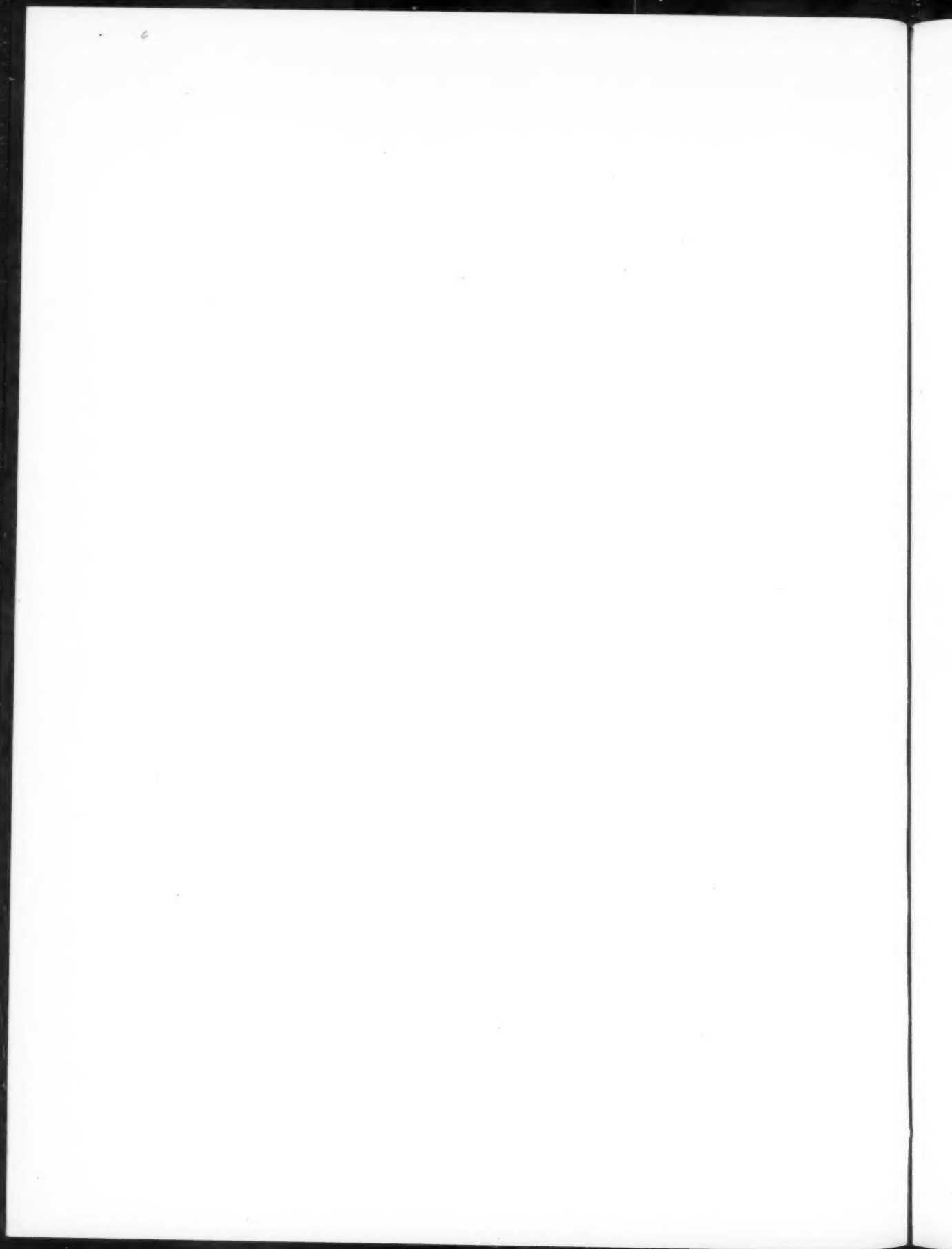
                                                              The Editor

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TOWARD A GENERAL APPROACH TO ORGANIZATION THEORY[1]

W. W. HAYNES

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Dissatisfaction with traditional organization theory has increased in recent years. Critics have attacked the familiar "principles" of organization, with demonstrations that these are inconsistent and unworthy of the claims to universality often made for them.[2] Some managers have taken satisfaction in flouting the views that are most firmly asserted in the literature.

The fact is that organization theory is in an undeveloped state. One can go too far, however, in rejecting the older views. Most of the principles, dogmas, and half-developed theories have been the product of men with practical experience in business and government--men who have observed organizations in operation. We can salvage much from their views, for there is some truth in almost all of them. We must determine what this truth is and when it is relevant.

A classification of the views on organization that already exist should serve as a step towards a more comprehensive theory. In this article the chief ideas on organization are fitted into seven categories, an arbitrary number that could be increased or decreased by splitting or combining approaches. The seven categories are:

1. Formalism

2. The spontaneity approach

3. The participation approach

4. Challenge and response

5. Specialization

6. The directive approach

7. Checks and balances

A development of each of these approaches follows, with a statement of the assumptions implicit in each. Attention to assumptions is particularly important, for too often these are neglected or ignored completely. Much of the confusion in organization theory arises from the fact that there is no agreement as to what the organizational problems actually are. When the assumptions are exposed, it becomes clear that only an investigation into the particular conditions existing when particular sets of assumptions are applicable can clear this confusion. [3]

FORMALISM

The central theme of formalism is that each member of an undertaking must know precisely what his position is, to whom he is responsible, and what his relation to other job-holders is to be. So widespread and respected is this view that it might be called the "classical" approach to organization. One manual which is widely known in business circles recommends "a delineation of the functions, responsibilities, authorities, and principal relationships of a particular position in a business enterprise. . ."[4] It favors a "clear-cut, definite, intelligible demarcation of the size, height, and weight of management positions, in permanent form, for reference and comparison."[5] This line of thought leads to a number of specific recommendations, such as the following:

1. Organization charts should be carefully drawn, prominently displayed, and strictly adhered to.

2. Detailed job descriptions should be drawn up for all positions in the organization.

3. Definite channels of command should be planned. The skipping of ranks or cutting across channels is to be deplored.

4. Unity of command should be maintained. No one should be required to report to, or be responsible to, more than one superior.

5. The planning of positions and departments should precede the consideration of particular individuals who might be placed in the organization.

The proponent of formalism argues that conflict is reduced by the drawing of definite boundaries. "Empire-building" is restrained. The overlapping of responsibilities is avoided. Gaps in responsibilities are filled. "Passing the buck" becomes more difficult. More exact standards of performance are established, and these may act as a motivating force. A sense of security arises from the clarity of the task. Opportunities

for favoritism and "politics"are reduced because evaluation and placement can be based on more objective specifications.

Underlying Assumptions

The advocates of formalism have not usually given much attention to assumptions. One may infer that the following views are the most probable bases for this line of thought:

1. Members of an undertaking are unable to work out relations among their positions without thorough guidance and planning.

2. Some members are aggressive and will trespass on the domain of others unless clear boundaries are drawn. This arouses hostility which may reduce the effectiveness of the undertaking.

3. Some members will be reluctant to assume responsibilities unless given a definite task.

4. Members generally prefer the security of a definite task to the freedom of a vaguely defined one.

5. The delineation of clearcut responsibilities offers an incentive by providing a more exact basis for evaluation.

6. It is possible in advance to predict and outline the responsibilities that will be required in the future.

7. Members are prone to conflict with one another, and if this conflict is permitted to arise it takes a toll in personal energy and productivity.

8. Justice is more certain if the enterprise is organized on an objective, impersonal basis.

Limitations

These assumptions clearly have some validity. But are they the most relevant assumptions for all individuals or for all undertakings? The critics of formalism doubt that they are. One well-known executive, for example, states that "the manager should be given a job to do. There should be no organization chart or plan, no carefully drawn lines of authority, no itemization of duties. Drawing those lines, itemizing those duties, at once puts up possible barriers to his initiative, limits to the use of his imagination, or even worse perhaps suggests that security for him may lie in following a routine."[6]

Formalism is attacked as mechanistic--as emphasizing orderly structures rather than people. Some managers are less worried about duplication and overlapping than the rigidity that formalism may encourage. Some indeed favor the skipping of ranks, the jumping of fences, and interference in other departments.

In fact, there has been a trend away from formalism in some firms. In a recent reorganization of the General Electric Company, only loose job descriptions have been written providing a short list of things a member could not do rather than a long list of what he could do. [7] General Motors has been moving in the same direction. Paradoxically these companies are extremely large ones in which the advantages of formalism would appear to be particularly strong.

Another criticism is that formalism may impede informal communication and the formation of informal groups. There is a fear that the formal channels may become overburdened and that the communication system and co-ordination may break down.

These criticisms indicate that formalism is a controversial issue. They also suggest that formalism is a matter of degree which may be extended more advantageously in some situations than in others. If this is the case it is the task of top management to decide how far this tendency should be carried, and this involves a comparison of its benefits and costs. But before this is undertaken the other alternatives should be considered, for one of the costs of formalism is the risk that it involves a sacrifice of the benefits of these alternatives.

THE SPONTANEITY APPROACH

In recent years there has been a growing body of thought at the opposite extreme from formalism--one which advocates great scope for the spontaneous formation of groups and communication systems by the personnel, with a minimum of direction from above. Perhaps the famous Hawthorne studies, described in the writings of Elton Mayo, F. J. Roethlisberger, and others, have been the strongest influence in this direction, especially in their heavy stress on the significance of informal organization. [8] Informal organization has been described as a co-ordinating force--one which gives considerable human satisfaction and which thus is conducive to co-operation and, in general, to productivity. Changes in formal organization should take into account the possible impact on informal organization. It is even suggested that formal organization should be built around the "natural" informal groups that develop spontaneously.

Assumptions

1. All the required relationships cannot be planned in advance

because requirements change in unpredictable ways.

2. Spontaneous relationships are direct and economical, and adjust to changing conditions.

3. Spontaneous relationships are more satisfying and lead to co-operation and high morale.

4. High morale is essential to high productivity.

Limitations

Those who favor early planning and "system" are not likely to feel that spontaneous arrangements are adequate. As has already been suggested, reliance on such arrangements may lead to overlapping, gaps, insecurity due to vagueness, and injustice. Informal groups may be restrictive rather than constructive. Too much can be made of "getting along" when the plain fact is that many people need to be told just when they are to do what.

The contrast between formalism and spontaneity can be over-stressed--within a range they are complementary rather than in conflict. A certain amount of planned structure may be necessary before spontaneous relations can develop in constructive directions and formal planning can take informal arrangements into account. No one would suggest that everyone be allowed to determine all of his own duties; no one would go so far as to advocate the planning of every minute detail of every task. The inevitable conclusion is that both formalism and spontaneity have their values. The problem of management is to find the appropriate balance between them.

THE PARTICIPATION APPROACH

Like the emphasis on spontaneity, participation is one of the more recent fashions in organization theory. [9] The view is that the organizational structure should be such as to stimulate the flow of ideas from the bottom as well as the top, to encourage consultation with subordinates, to permit members of other departments to have a say in issues outside their spheres. [10] Participation involves face-to-face relationships which lead, it is claimed, to greater understanding, to a pooling of diverse talents, and to a greater willingness to carry through with decisions once they are made. This is claimed to lead to higher satisfaction and productivity and to the development of individuals for positions of higher responsibility. Participation may make members more amenable to change. It is also felt that participation is consistent with the democratic values of Western society.

The specific means through which participation takes place should be mentioned. Committees, conferences, suggestion systems, and joint consultative systems are all illustrations of devices to increase participation. The German experiments in co-determination--in granting employees positions on boards of directors--and the Yugoslav formation of workers' councils are more radical but not necessarily more effective versions of this approach. Many writers argue that participation must rely mainly on the training and attitudes of the members--on the willingness of managers to take an interest in the ideas of subordinates and to consult them on impending decisions. Thus there are degrees of formalism in the attempts to introduce a greater sense of participation.

Assumptions

1. Participation makes decisions more acceptable (presumably even when the ideas of some participants are not incorporated in the final outcome).

2. Members understand best what they have helped create and are enthusiastic about what they understand.

3. Familiarity breeds respect.

4. People want to take part in decisions and are capable of doing so.

Limitations

Reflection on these assumptions will in itself raise doubts. It is not clear that group endeavor is superior to individual endeavor in all cases--the dramatic results achieved by forceful individualists cannot be ignored. Joint decisions may be muddy compromises. Joint action may mean fuzzy responsibility. Critics fear that participation may be a disguise for manipulation--just another device for encouraging compliance.

Despite these limitations, the participation movement remains one of the strongest trends in management circles. The complete absence of participation is inconceivable even in a totalitarian society; the other extreme, which would amount to democratic voting on all policies, is unworkable. Management must seek a mean rather than an absolute, keeping in mind that success depends not merely on the formal apparatus but much more on the quality of relationships.

CHALLENGE AND RESPONSE

One of the most influential views of recent years has no recognized title. This article will call it the challenge and response approach, for its emphasis is on a structure which will call forth an active and

enthusiastic response from members. [11]   The approach asserts that managers are more effective when granted sufficient autonomy and wide enough scope to make their jobs interesting and challenging.   It claims that the "light touch" in supervision, the use of indirect measurements and standards as opposed to direct controls, will call forth initiative and a high sense of responsibility.   "Decentralization" is the by-word of this school of thought.

Among the variations on this theme is the view that departments should be organized around products rather than skills or processes, for only the variety of skills involved in managing a product line will offer the challenge and permit the freedom that is required.   "Flat" or "horizontal" organizations are preferred--the usual views on the span of control are considered contrary to the aim of autonomy.   Specialists, when used at all, are to be kept in their places, for their tendency is to shackle the line officials on whom all depends.

Assumptions

1. People want to work, and work best when not watched closely.

2. The errors that might be avoided by guidance from above are less costly than the harm done.

3. A constant flow of innovation is imperative and autonomy is conducive to innovation.

4. There is a tremendous pent-up supply of managerial talent waiting to be released if the challenges are applied.

Limitations

Perhaps the approach is overly optimistic about the readiness of men to act responsibly when given autonomy and too pessimistic about their tendency to mediocrity when under control.   It might be wise to admit that some people are incompetent, and others lazy, and still others disloyal or dishonest.   Decentralization has its limits--the economies of scale in some activities are too great to warrant their dispersion over the various departments.   Collective bargaining often exerts a centralizing pressure in the field of labor relations.   It may be useful to maintain a sense of "corporate integrity", which can be achieved only with a degree of uniformity based on centralized policies.   In some industries the need for originality in the branches may be small.

Challenge and response is not an absolute ideal which can be determined by formula once and for all.   The approach does fill an important need, however, by emphasizing that organization is more than the construction of neat patterns; it is concerned with people who have potentialities which must be tapped if the enterprise is to survive.

THE SPECIALIZATION APPROACH

The next approach is a hybrid of several interrelated views. First, there is the view that the division of labor must be carried to a high degree of refinement--the work of each member must be restricted to a "single, simple task." Second, there is advocacy of organization around skills, processes, or sub-purposes rather than around end products. Third, there are recommendations that experts be introduced at various levels of the organization and, in the more extreme versions of this view, that these experts be given authority to see to it that their superior knowledge is applied. This last view leads to so-called "functional organization," of which there are several varieties, but all of which violate the principle of unity of command. [12]

Assumptions

1. Simple tasks are easier to learn and lead to higher productivity by concentrating attention on a narrow area.

2. Supervision is more competent and successful when departments are organized around special skills or processes.

3. The problem of co-ordinating functional departments is less important than the benefits of specialization they produce.

4. The problem of maintaining interest in a narrow task is not serious.

5. Line officials will not be seriously "undermined" by the authority of functional specialists.

6. There are economies of scale in the centralized management of particular specialized functions.

Limitations

Many research studies suggest that specialization at the work place can be overdone. Narrow tasks may dull interest, induce monotony, increase fatigue, and remove the stimulus that comes from seeing the job as a larger whole. Specialization creates problems of co-ordination--the conflict between staff specialists and line officials is too frequently observed to be ignored. Functional organization may become an obstacle to decentralization.

The retreat from the stress on specialization in the literature of recent years is one indication of its weaknesses. Nevertheless, specialization must be one of the major considerations in organizational planning and may in practice become more significant as technological change makes enterprise more and more dependent on the skills of experts.

THE DIRECTIVE APPROACH

As has already been suggested there are fashions in organization theory. One of the approaches that is out of fashion in Western democracies is the emphasis on direction from top management. This might be called the "authoritarian approach," but the expression "directive approach" is perhaps more neutral. The fact that little attention is given central direction these days should not blind us to the fact that practically all organizations involve some emphasis on hierarchy and that in some cases this may be the chief stress. [13]

This approach advocates a definite flow of authority from the top to the bottom, with sanctions against violations of top policy. Managers must not leave co-ordination to chance; they must assure its maintenance through a tight control over their subordinates.

Obviously the question of direction, like the others already discussed, is a matter of degree. There is a continuum from the mildest of influences from above to the extreme of detailed supervision and minute control of all aspects of everyone's work. Few organizations have attempted to go to the directive limit imaginable, and a few have managed to get along without any hierarchy whatever. When we speak of the directive approach we are referring to the tendency to place relatively heavy emphasis on supervision, penalties, and other controls.

Assumptions

1. Co-ordination will not be achieved unless it is planned and directed from above.

2. Superior knowledge rests at the center.

3. Subordinates are prone to irresponsibility unless controlled.

4. Authority has its source at the top and is delegated downward.

Limitations

There has been considerable debate in the literature on what the source of authority actually is, with one view being presented that authority does not exist unless it is accepted by subordinates. In part, their controversy is a debate over words, but it does suggest that there are limits to how far central authority can be imposed from above. Critics of direction assert that detailed control discourages interest and dampens initiative. They also raise ideological objections to methods which are, or appear to be, in conflict with the democratic philosophy of a large part of society as a whole.

Nevertheless managers must have some assurance that

subordinates are working towards the enterprise goals. One of the central problems of management is the reconciliation of the need for this assurance with the stimulus that autonomy provides.

CHECKS AND BALANCES

The last of the approaches has its most familiar applications in the political sphere. The Constitution of the United States, for example, was greatly influenced by the view that power in one department must be offset by countervailing power elsewhere. Too great a concentration of power in one place, it is feared, may lead to irresponsible action or inaction. Power must not only be dispersed; there must be restraints to hold the aggressive tendencies of officials in check.

The notion of checks and balances has its applications in industry as well as in government. Illustrations would be the view that inspection departments must be kept separate from the activities to be inspected and the even more widely accepted view that auditing must be given an independent status. The systems by which boards of directors are made up of a diversity of interests, with "outside" as well as "inside" directors, are partially an attempt to provide a check on the top executives.

Assumptions

1. Power corrupts and thus must be restrained.

2. Some members of organizations tend to place personal goals ahead of the overall goals of the undertaking.

Limitations

There may be doubts that effective leadership can develop in conditions in which checks and balances predominate. Instead of encouraging co-operation, checks and balances place one department against the other. If teamwork is the goal, it may be desirable to keep the obstacles to teamwork at a minimum. Each undertaking must consider what price it is willing to pay to check irresponsibility--the chief price being the possible reduction in interest, vigor, and co-operation that dispersion of authority may entail.

TOWARDS A GENERAL THEORY

As has been stated above, the classification of approaches that has been presented can serve as the basis of a more comprehensive theory of organization. There is not sufficient space here to develop such a

theory, or to discuss the methodological issues involved, but it is suggested that an eclectic theory would be based on the following concepts:

1. All of the approaches contain important truths. Each is based on assumptions which are at least partially relevant and each suggests structural arrangements that are worthy of consideration.

2. There is a continuum in the degree to which each of the approaches may be applied--from extreme formalism to the complete absence of planning, from extreme absolutism to complete dispersion of authority, and so on.

3. Each existing organization contains elements of each approach. The balance among applications of the approaches varies widely in existing organizations, some being much more formal or directive than others, but no organization can ignore the other approaches completely. Recognition of this point should serve as an antidote to the dogmatism that has been all too prevalent in the past.

4. The problem of organizational planning is one of finding an appropriate balance among the approaches. While some of the approaches may be complementary within a range, they come into conflict outside that range. Formalism beyond a point hinders spontaneity. Too much central direction comes in conflict with stimulating challenges, with the benefits of participation, and with the spontaneous flow of communication. The benefits of extending any approach must be compared with the added costs, and among the most important costs may be the sacrifice of the advantages of alternative approaches.

5. The desirability of any combination of approaches depends on circumstances. The appropriate organization for a firm doing routine business with little technological change will be quite different from that experiencing (or desiring) rapid growth and constant change. The appropriate combination must depend on the objectives of the enterprise, on the quality of the personnel both at high and low levels, on technological considerations, and on much else.

The last point, relating to the desirability of a combination of approaches, deserves further consideration. Too little attention has been given the relation between the environment, the objectives, and the appropriate organizational structure. So much space has been devoted to the establishment of "universal" principles that the pedestrian task of determining when and where particular arrangements might be applicable has been neglected.

The classification that has been presented suggests a number of possibilities for future research. It would be desirable, for example, to develop a series of scales by which the degree of participation or

interactions of central direction, of the formalistic definition of tasks, of countervailing power, of refinement in the divisions of work, of the in- fluence of functional specialists, and so on could be compared from enter- prise to enterprise.[14] Even with such scales the determination of the combinations which are most appropriate to particular situations poses re- search questions which are not at all likely to be answered fully for many decades.

Another line of research would investigate more fully the inter- relations among the approaches. It seems likely that some combinations of the approaches are more commonly found in the literature (and in actual organizations) than others. For instance, formalism and the di- rective approach seem to have much in common, perhaps because both are based to some extent on a distrust of human nature. On the other hand, spontaneity, participation, and challenge-and-response tend to cluster together, largely because all are based on faith in the intentions and capacities of human beings. A preliminary check of the literature indicates that such clusters do appear on paper. It would be desirable to determine whether similar clusters appear in actual practice. Such research would raise important questions about complementary or sub- stitutionary relations among the approaches.

CONCLUSION: USES OF THE CLASSIFICATION

As has just been suggested, the classification of the approaches to organization provides the basis for a more comprehensive theory of organization and a more flexible basis for empirical research. It should serve as a useful diagnostic tool by suggesting a wide variety of defects and the means of treating them--a viewpoint which is surely preferable to the determination of the ailment and cure before the patient has been examined. The classification is also, then, of immediate use in the area of prescription. It suggests that organizational planning cannot be done by formula but only by careful analysis and careful ordering to circumstances.

An advance in the study of organization has been hindered by two tendencies. On one hand there has been an adherence to dogmas that rest on hidden assumptions and casual observation. On the other hand there is an inclination on the part of those who oppose such dogmas to wipe the slate clean of all existing hypotheses. The view of this arti- cle is that a classification of the various approaches along with an expo- sure of assumptions will provide the groundwork for a more realistic theory and a more useful diagnostic and prescriptive apparatus.

FOOTNOTES

1. This article is part of a study of organization made possible by a grant from the Ford Foundation.   The opinions in this article are those of the author and not necessarily those of the Ford Foundation.

2. See, for example, Herbert Simon, Administrative Behavior, Second Edition (New York, MacMillan, 1957), Chapter II.

3. Readers of preliminary drafts of this article have suggested additions to this list of approaches.   For example, paternalism is a way of organizing the relations between higher and lower levels which differs substantially in character from the directive (or authoritarian) approach.   Paternalism involves a watchful care for the comfort and welfare of employees that many writers feel may involve an undesirable extension of managerial influence into areas best left to private individuals or to agencies outside the enterprise.   Paternalism differs from the participation approach in that it is concerned with decisions affecting the individual's private or social life while participation is centered on enterprise problems.   Paternalism is not discussed in the body of the article because it is seldom advocated in the managerial literature that is being surveyed and also because it appears to be declining as a factor in existing organizations; but it could well be included as an eighth approach.   Other readers have suggested that leadership and/or communication deserve positions as separate emphases; it seems preferable to consider leadership and communications as elements of organization that run through all of the approaches.   For example, the directive approach advocates a different form of leadership and a different kind of communication than would be desired by followers of the spontaneity approach or the participation approach.

4. George Lawrence Hall, et al., The Management Guide, Second Edition (San Francisco, Standard Oil Company of California, 1956), p. 1.   Strongly formalistic views are expressed in Paul E. Holden, Lounsbury S. Fish, and Hubert L. Smith, Top-Management Organization and Control (New York, McGraw-Hill Book Company, 1941).   Formalism is one of the main emphases in the works of Fayol, Urwick, and many others.

5. George Lawrence Hall, et al., op. cit., p. 11.

6. William B. Given, Jr., Reaching Out in Management (New York, Harper and Bros., 1953), p. 27.

7. William B. Harris, "The Overhaul of General Electric," Fortune, December, 1955, pp. 110-117; 234-240.

8. See Elton Mayo, The Social Problems of an Industrial Civilization (Boston, Harvard Business School, 1945), and F. J. Roethlisberger and

William J. Dickson, Management and the Worker (Cambridge, Harvard University Press, 1939). A number of empirical studies have stressed the significance of spontaneous groupings and relationships.

9. The literature on participation is voluminous. The works of Mayo and Roethlisberger already cited strongly suggest the value of participation. Social psychologists have conducted extensive experiments in participation and many businessmen have written about the advantages of this approach.

10. Closely related to participation is the concept of interaction--the view that increased interaction among members leads to greater understanding and higher morale and productivity. Interaction is not discussed separately here, as it is implied by both the spontaneity and the participation approaches.

11. The most forceful expression of this view is to be found in Peter Drucker, The Practice of Management (London, William Heinemann Ltd., 1955 or New York, Harper and Bros., 1954.)

12. All of these versions of specialization are advocated by F. W. Taylor in his various works. See, for example, Shop Management (New York, Harper and Bros., 1911), p. 99.

13. One of the few expressions of the directive view in recent years is to be found in National Coal Board, the Advisory Committee on Organization (Fleck Committee), Report (London, National Coal Board, 1955).

14. Editor's note: Professor Albert K. Wickesberg of the University of Minnesota recently discussed one method of determining relative amounts of delegation present in the performance of executive responsibilities. Cf., "Determining Relative Degrees in the Delegation of Executive Authority," The Journal of the Academy of Management, April, 1958, pp. 18-22.

A BUSINESSMAN'S MANAGEMENT PHILOSOPHY*

F. M. RICH, GENERAL MANAGER

INDIANA HARBOR WORKS, INLAND STEEL COMPANY

Since my graduation from college in 1925, I have been a part of the American business scene, spending all of these 33 years in the steel business. No man can spend his lifetime in the business world without evolving some ideas in regard to his own philosophy of management, and that is what I am going to explore in the pages that follow.

At the outset I hope that we all take for granted a major assumption--that the principal goal of business is to make a profit.

We all know that in order to achieve this goal we must stay in business. But why are profits necessary to business? What is management's role in making profits? And what are the basic principles of management?

These are questions to which a man must have an answer if he is to be happy and successful in business. I shall give you the answers as I have worked them out in my personal management philosophy.

There is also one other question to which I shall give my answer. What must we teach our college graduates if they are to become good managers?

I hope that you all understand and agree that the principal goal of business is to make a profit. But there is another fundamental fact about money which is too often taken for granted. It is that the American system of private, competitive enterprise is a loss system as well as a profit system. We all know that a company can lose money as well as make it--and if a company is poorly managed, it can even go out of business.

And just making a profit isn't enough, either. A business has to make a good profit over the long haul, and must regulate its affairs to guarantee that it does so.

Gaylord A. Freeman, Jr., vice president of the First National

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* Editor's note: In the December, 1958 issue of the Journal, Professor Ralph C. Davis presented a philosophy of management. Rejoinders to his and Mr. Rich's philosophies as well as other viewpoints on this same subject are invited and will be published in forthcoming issues of the Journal.

Bank of Chicago, discussed this point in detail in an address before the
Installment Lending Conference of the Illinois Bankers Association this
fall.   Here are some of the things he said:

> "The only goal of a business corporation is to make the
> maximum possible profit over a long period.
> The effort of business firms to make greater profits
> has done more to improve the life of our citizens in better
> living conditions, higher wages and incomes, less drudgery,
> and more leisure and more conveniences than any other
> form of effort except education.   The <u>individual</u> may, in-
> deed <u>should</u>, set other goals above money making, but busi-
> ness corporations, organized solely to make a profit, need
> not be ashamed of that goal."

I heartily agree with Mr. Freeman's sentiments.

If we are to attain our goal of making maximum profits over a
long period of time, we must do the best possible job for the four great
groups that are concerned with our business--our employees, our stock-
holder-owners, our customers, and the general public.

We must have the best personnel possible in our organization--
from the president to the lowest paid worker.   Inland's president and
chief executive officer, Mr. Joseph L. Block, committed his goals to
writing for the company several years ago.   He placed "men" at the top
in these words, which are taken from his first goal:

> "To endeavor constantly to improve the caliber of our
> personnel at all levels of our operations with the objective
> of having the best team in the field.   This can only be done
> by employing the most careful methods of selection, train-
> ing, and promotion.   Without attaining this goal most of the
> others can never be reached.   With it, they are all possible."

The work of all our employees must be so well organized and
they must be so motivated that they loyally and enthusiastically give the
company their best efforts.

Our stockholders must receive a good return on their investment
over a long period of time.   Their investment should be safe and even
enhanced for this "long pull."

We must do a better job of looking after our customer's inter-
ests than our competitors do.   This means that we must provide our cus-
tomers with better goods and services than our competitors do at a price
that they are willing to pay.

We at Inland encourage the feeling that we are in partnership with our customers to help them make maximum profits--long-range--on their goods and services.

In our dealings with the public we must accept our responsibilities as citizens to safeguard and strengthen the principles that have made our country great.

The task of making the greatest long-range profits has continually become more complex over the years and it will probably become even more so in the future. In the long view of profits, the annual profit figure is not much more than a short-term progress report. When we were a nation of farmers, it was logical to use the cycle of the seasons in calculating where we stood economically. The sum set down as a year's profit then actually represented one complete turnover on investment, from seed to harvest.

Long before our economy became as complex as it is today, business passed beyond this simple method of measurement. Today, no entrepreneur goes into business for merely one year. Modern industry requires a tremendous amount of equipment--almost $18,000 of capital for each worker employed in the steel industry--which cannot be paid for in less than ten or twenty years of prosperous production.

Even before a factory can be built or machinery installed, there must be years of research. And the length of time involved in this is growing steadily with the years. Thomas Edison considered five years to be the average period between the first glimmer of an idea and its development as a marketable product. Today's research laboratories figure on fifteen or twenty years of research and experimentation before a new process or product is ready for sale.

The function of profits is not limited to balancing the losses of poor years. Plant and machinery wear out. After five, ten, or twenty years, they must be rebuilt or replaced. Each company must operate at a large enough profit to enable it to build up reserves for replacement in a market of rising prices. Currently, planning for such reserves is complicated by the unrealistic depreciation allowance permitted for income tax purposes and the high corporate tax level in addition to the problem of inflation.

And this question grows more important almost by the day in our rapidly changing technology. Equipment very often has to be scrapped while it is still in perfect condition. Perhaps an old product has lost its market, and something new must take its place. Perhaps a new process is developed which the company must adopt quickly if it wants to stay in business. Research must be both encouraged and expanded in the successful company.

Instead of twelve months, the cycle of a modern industrial operation is twenty-five or thirty years: the earnings and spending over this long period are what determine whether a business operates at a profit or loss.

Years ago industrial and public relations were pretty much taken for granted. Problems in these two areas have a far greater impact on the success of business today.

Thus there are many more factors affecting the making of profits today than there were a quarter century ago. This means that today's executives must know and do more than their counterparts of yesteryear.

The capability of the management of a particular business is the most important single factor in securing the greatest profit possible over a long period of time. Any given enterprise can have the best workers, materials, and capital and plant facilities, but, without the proper leadership, that enterprise is doomed to failure.

The Management Division of the American Society of Mechanical Engineers has defined management as "the art and science of preparing, organizing, and directing human effort applied to control the forces and to utilize the materials of nature for the benefit of man." Stated in another way, the primary function of management is to get things done. Our most important job in fulfilling this responsibility is the proper selection, development, organization, and motivation of men. If we do these four tasks well and at the same time exercise vision, courage, initiative, and judgment in conducting the affairs of our company, we will be doing the best we can to assure a successful business enterprise.

I believe that if we can help our college graduates to learn to do these four tasks well--select, develop, organize, and motivate men--they will become managers, and good managers.

Automation, which, simply stated, is the production of more goods and services with less manhours of work, will call for more and more specially trained men to design, build, operate, and maintain these complex facilities. Also in growing demand in our modern industry are specialists trained in the other areas of our business.

I know from the hard lessons of my 33 years' experience in the business world that the training I received in college classrooms has been invaluable.

This background of technical training and specialization is one of the two major bases that should be used to select men--not alone for hiring, but for promotion also. The man chosen for promotion should be the man best qualified to do the job.

The other basis is a conviction that the man under consideration has the potential capacity for a higher position; in short, that he can be developed.

We have heard and read a great deal recently about management development. I think that the lessons to be learned from the books and articles propounding management development can be summed up in this statement: management development is largely self-development. Each man who is ambitious to move ahead must study and work hard to improve himself so that he will be ready for promotion when the time comes.

I have learned that the best way for a man to learn to be a good manager is to manage--that is, actually work on the job and assume responsiblity under the guidance of a man who has learned this art by practicing it. In this way a young man learns to make decisions. He profits by his errors and in a competitive world is strengthened in his upward climb. There is just no substitute for this kind of development.

A review of the decisions a man has made and the consequences thereof is a good yardstick of the man's contribution to the company. Such a review is a good guide to higher management in determining the over-all fitness of this man for promotion.

But the all-'round capability that comes from training and self-development on the job is only a part of the total picture. A man should be promoted into the management ranks only after careful consideration of each candidate's character, attitude, ability, experience, performance, and job "know-how," as well as his moral, mental, emotional, and physical fitness.

At the head of this list of considerations I have put character. Good character is foremost, because we at Inland consider it to be the most important of these factors.

Peter F. Drucker, the noted management consultant, said this same thing very well when he wrote:

> "Character is not something a man can acquire; if he does not bring it with him to the job, he will never have it. It is not something one can fool people about. The men with whom a man work, and especially his subordinates, know in a few weeks whether he has integrity or not. They may forgive a man a great deal: incompetence, ignorance, insecurity or bad manners. But they will not forgive him lack of integrity. Nor will they forgive higher management for choosing him."

. . . .

> "Nor should a man be appointed if he is more interested

in the question: 'Who is right?' than in the question: 'What is right?' To put personality above the requirements of the work is corruption and corrupts."[1]

When we think of good character, we include honesty, integrity, loyalty, courage, unselfishness, reliability, and kindness. Over-all, we could define character as the goodness and strength of a man's soul. Men of good character are honest with themselves and govern their actions and words accordingly. Men of good character generally have a love of God. They lead their lives according to the teachings of Christ and the Ten Commandments.

These are the virtues and values which I believe are needed in the man who intends to manage other men. The ranks of management need men who have the courage to explain their ideas to their bosses even when these ideas conflict with established policy. Tact and proper timing must be used, of course. After all, the boss is human too, and no one particularly likes to be told or proved that he is wrong. But after this opinion is given and the boss makes his final decision, the subordinate should then carry out this decision to the best of his ability. A boss needs men who will tell him when they think he is wrong. He needs such courageous men far more than he needs men to tell him is is right. Some men insist on telling their boss only what they think he wants to hear in order to gain his favor. Any man that must depend on weak subordinates of this kind will not receive the help he should have to do a good job for his company.

The ranks of management do not need "Yes" men and apple polishers, for such men are not an asset but a liability to an organization. In point of fact, such men are downright dishonest and cowardly.

Conversely, a good executive encourages his men to speak their minds and give him their best ideas and constructive criticisms. His men are bound to hold back helpful suggestions if he continually shows resentment when they disagree with him. I consider the ability of a manager to stimulate his men to contribute ideas an extremely important characteristic of a good leader.

Management needs men who have the courage to live and work by principles rather than bowing to expediency. This will often call for the choice of the harder and more disagreeable way of doing the job.

What industry needs is men who show they are willing to take on and finish up the tough and disagreeable job successfully. Not needed are the men who use the approach that they CAN'T do this or that they CAN'T do that. I often tell my men, "Now you have told me how it can't be done. Come in later and tell me how it can be done."

All of this does not mean that a manager must be a superman; you will find that the typical management organization is composed of normal, reasonable human beings, subject to the many frailties and weaknesses and capacities for growth with which God endowed man on this earth. It is management's role to group these people together in organizations designed to complement the weakness of one with the strength of another.

These groups of men we call corporations are motivated to work toward high productivity by free competition in the production and marketing of goods and services. The men in these corporations are more important than machines or production techniques, for the success or failure of any enterprise is largely dependent upon the productivity of the workers in that organization.

I believe that most men really want to do a good job; this desire to excel is characteristic of Americans. Management's organizational role is to lead these men in such a manner that their efforts produce the best results.

No organization of men, however well selected or developed they may be, can be successful unless these men are properly motivated. Each member of the organization must want to do a good job to secure superior results. This we call good morale.

Good morale is hard to achieve and easy to lose. It cannot be built by a single good practice, but it can be destroyed by one bad one. Many good practices must be combined to create two general conditions which we at Inland feel promote good morale:

First, each employee must be convinced that he, his fellow workers, and his company are doing a useful and efficient job.

Second, each employee must be convinced that his contribution to the job being done is important and that it is recognized as such by all his associates.

We encourage a feeling of belonging and participating in our company because we believe that people are loyal to those things that they help create and improve. I know that I would rather have four men working with me than forty for me.

A large part of many organizations is represented by union leadership. We feel that this group of employees represented by the unions needs strong, honest, and competent union leadership, and we believe in the value of such leadership. We also believe that the existence of properly managed unions is a necessary part of our American system. Our policy has been, and is, to work with the union on a fair, humane, and businesslike basis. We want to achieve mutual understanding and

respect, which will, in turn, bring co-operation.

In labor relations, as in any business relationship, a transaction between the two parties is sound only if both benefit. And it is a fact of business life that problems in this area should be settled not on the basis of who is right, but what is right. On this moral basis, both organizations, business and union, will best serve their groups.

My business philosophy is one of growth. I am for an expanding industry, in which productivity is rising, and both jobs and wealth are being created.

I am for a growing economy stimulated by the creative energy of competing enterprises, each enterprise sparked by the principles of incentive and opportunity.

And I am for individual freedom, with government in the hands of the governed, and as much authority residing in the individual as our human relations will permit. In the community, this is democracy. In the company, it is delegation of authority and responsibility to the lowest practical level.

Finally, I know this: I want my own company to grow; and the more it grows the greater will be its long-range profits, the more men it will employ, the more stable it will be, and the more opportunity it will offer all of the people who work for it. And I see nothing that is evil in this growth.

Our country needs the help of all of its citizens. Each person must take his rightful place as a citizen, doing his part to control legislation according to his own beliefs. We know that laws favorable to the hard worker--to the man of character, vision, courage, and enterprise--are good laws, while those that favor the lazy and incompetent are dangerous to our country and to its business enterprises.

In my business philosophy freedom and responsibility go hand in hand. We know that our nation and our company are the stronger when men do their jobs well in the plant and take their proper places in the community.

FOOTNOTES

1. The Practice of Management (New York, Harper & Brothers, 1954), p. 157.

THE EARLY RECORD OF A MODERN ADMINISTRATIVE DILEMMA

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Literature in its many forms is a creature of the events which swirl around it. Management literature is not immune to conditioning by the economic and cultural environment of the times. It is no great revelation to say that the writings of Frederick W. Taylor, the Gilbreths, and Henry L. Gantt reflect the social issues which accompanied America's emergence as a great industrial nation.

This article will trace in broad terms from 1900 to 1940 the development of three points of view on one major social issue which is unresolved even now. The issue is the dilemma of individualism (the individualistic ethic) versus collectivism (the social ethic) in business.

No pretense is made that this paper is an exhaustive anthology of management literature. The various works discussed are mirrors which reflect the the author's reactions to the dilemma posed by the conflicting value systems of the individualistic ethic and the social ethic.

An astounding amount has been written about management since 1900 and, indeed, the deluge of books and articles on this subject is steadily increasing. Management has never been the exclusive province of so-called technical or "scientific" writers. It has also provided fair game for novelists and critics. As a result, management literature has been channeled into fictional, critical, and technical commentary. This literary classification, which is purely this author's own device, can be discerned with the advantage of nearly sixty years of hindsight.

Since the article is based on technical, fictional, and critical writings, some explanation must be made of how these literary forms are interpreted. [1]

The technical view of management is first. Although the word "technical" may be misleading to some, it is used for lack of anything better. Technical authors write of management as a discipline. Included in this group are writers in the "scientific management" school. Some management writers in the area of human relations are also considered part of the technical class.

In fiction a humanistic view of management is taken. The novelists do not emphasize the technical side of enterprise. They deal instead with the motives which underlie the personal objectives of managers.

The third view of management is formed by critical nonfiction authors. These writers consider the economic, social, and psychological implications

of management practice. The scope of work in this area ranges from the role of the corporation in society to the problems faced by people resulting from employment in the managerial corps.

Thus the technical writers consider management as a process. The novelists are mostly concerned with managers as people. The critical writers talk of management sometimes in the "people" sense and sometimes in the process sense.

The purpose of this article is to give historical perspective to the modern problem of collectivistic versus individualistic behavior in business. The questions raised by this dilemma have captured the attention of a large number of contemporary fiction and nonfiction writers. This paper will endeavor to demonstrate that these management writers of the past were also concerned with the influence of two opposing value systems on managerial thought and practice. The next section presents a background for the remaining sections which will discuss technical, fictional, and critical works.

MANAGERIAL IDEOLOGIES IN A CHANGING CULTURE

A dynamic society requires social and cultural change. With change, different value systems or ideologies appear. Two ideologies which have profound influence on American management thought are the individualistic ethic and the social ethic. Figure I diagrams this influence.

FIGURE I

MANAGERIAL IDEOLOGIES IN A CHANGING CULTURE

19TH CENTURY MODEL

Man's ideals of economic freedom

{ Protestant ethic
Liberalism
America's frontier } → Individualistic ethic → Management Thought

20TH CENTURY MODEL

Individualistic ethic → Management Thought

Man's dependency and proximity

{ Expanding population
Urbanization
Job specialization
Improved communication
Advanced technology } → Social ethic
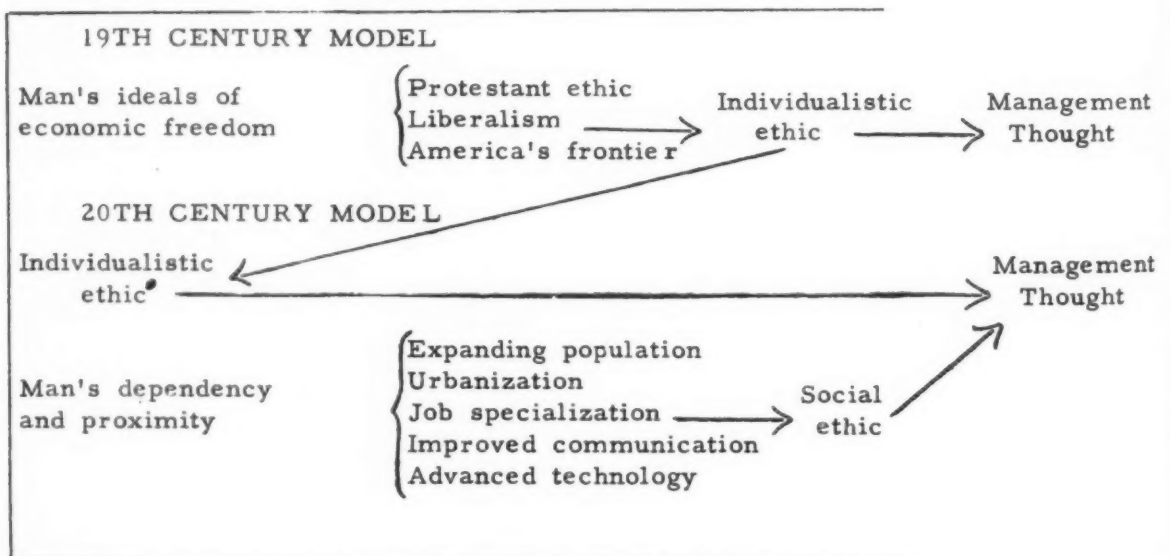
The individualistic ethic is the product of religious belief in Protestantism, the economic ideals of liberalism, and America's geographic frontier. The opportunity for the individual to exploit seemingly boundless natural resources relatively unencumbered by restrictions is the essence of the individualistic ethic. Social thought plus America's bounty caused the individualistic ethic to flower in the Nineteenth Century.

But even in America frontiers and resources had their limitations. Expanding population, urbanization, job specialization, improved communication, and advancing technology diluted the ideal that man in himself is supreme. The growing proximity of people and their dependence on one another generated the necessity of finding ways to achieve human collaboration. The social ethic, characterized by its emphasis on social solidarity, grew out of the need for greater human collaboration in an industrial civilization.

The social ethic has not supplanted the individualistic ethic. Both exert influence on management thought and both reflect the main ethical problem of a maturing industrial democracy--that is, maintaining individualism while at the same time promoting social solidarity. Without doubt, many technical management writers appreciate this problem and attempt to solve the dilemma it creates. Scientific management was the first attack on this dilemma by the technical writers.

THE TECHNICAL WRITERS

Scientific Management and Its Implications

The scientific management pioneers[2] addressed themselves to the dilemma of individualism versus collectivism. They realized a new order was needed which would simultaneously accomplish two ends. The first end was to gain greater co-operation from the people who worked in business. Through scientific management a true mutuality of interests among all associated with industry was envisioned. The second end to be accomplished was to develop a managerial concept that would be compatible with the ideology of the individualistic ethic.

Taylor characterized scientific management by four elements:[3]

    a. Science, not rule of thumb
    b. Harmony, not discord
    c. Co-operation, not individualism
    d. Maximum output, in place of output restriction

Scientific management, Taylor emphasized, is not mechanisms. It is a mental process and a philosophy. Within the format of the philosophy the scientific management pioneers tackled a number of issues. Some of them were standardization, work and wages, prosperity and

productivity, and employee and national welfare. Unfortunately space prevents a discussion of each of these aspects of scientific management. But taken collectively they added up to a new route to harmonious industrial life. They required a significant shift in managerial thinking. They represented a fundamental change in old management values. The principles contained within the scientific management philosophy are, in reality, a rudimentary statement of the social ethic.

Changes in the 1920's

A coherent body of scientific management fundamentals was stated in the early 1900's. After World War I these contributions were enlarged and to some extent expounded in a more sophisticated way. The 1920's, also, were the heydays for industrial psychologists. It was popular to believe that people naturally do not like to work. The greater prosperity prophesied through scientific management by the pioneers would not automatically yield happy workers. So the industrial psychologists concentrated on the non-material motives for work.

Scientific management was not fundamentally changed during the 'twenties; it was refined through tools contributed by psychologists. Personnel programs developed at this time were directed toward an individual's needs, hence the symbols of the individualistic ethic suffered no violence--well, not too much violence. Management still was seeking co-operation with individualism.

Developments in the 1930's .

The Administrator. The most significant development in technical literature during this decade was the effort to professionalize the field of management. The concept of the administrator came along with professionalization. The administrative concept required the manager to possess and apply two sets of skills.

The first set are those partially "non-human" skills which enable the manager to practice competently such management functions as planning, organizing, and controlling. The other set are the entirely "human" skills which stem from the conclusions reached by Mayo and his associates through the experiments in human relations conducted at the Hawthorne plant of Western Electric Company. These conclusions focus on the manager as a motivator of people.

By using both these sets of skills--namely, management functions such as planning, organizing, and controlling and the entirely "human" skills--the manager is able to accomplish two ultimate organizational objectives, which actually flow from the nature of the skills themselves. These objectives are obtaining company goals that are based in economic logic and increasing the satisfactions of employees, which are founded largely in nonlogical attitudes and sentiments.

It was observed before that the need for a new (administrative) concept of management arose along with the professionalization of management. The factors causing the professionalization movement will be explained next.

The Professionalization of Management.[4] Berle's and Mean's masterly analysis The Modern Corporation and Private Property[5] was something like a manifesto for the professionalization of management. A basic change in the power structure of the business organization was noted in this book. In a corporation, managers are intermediaries. They stand between the corporation and the absentee owners. They act as stewards. The men in management may not own a company but they may control it. Managers, therefore, are placed in the position of experts who, theoretically, run the organization for the advantage of the owners. The possession of a certain expertise associated with managerial functions has assumed the connotation of "profession."

Another event contributing to the professionalization of management was expanding organization size. Level upon level of managers made their appearance and these managers were performing functions which largely involved supervising the work of other managers. In short, an economic bureaucracy was emerging, with large numbers of managers doing fairly specialized tasks. Along with the separation of ownership from control, the growing numbers of management personnel needed an explanation of their tasks and a theoretical foundation.

Older technical management literature did not do this job completely. It did establish the importance of the scientific method in management practice. But a professional doctrine stated on a rather high level of abstraction was needed also. This doctrine had to have generality of application for explaining how an organization works and what management does.

Two books, among others whose revisions are still popular, were aimed at satisfying professional management needs. The first book is Ralph C. Davis' Industrial Organization and Management.[6] Davis brings to light fundamental business elements and management functions and then weaves them into a universal business plan. The quality of this work rests in its comprehensiveness. The specifics that Davis discusses find direction in the fundamentals he first lays out.

The second book is Principles of Organization[7] by James D. Mooney. Through the statement of several principles, Mooney and Alan C. Reiley (Mooney's colleague on the first edition) set forth postulates explaining organization growth and functional relationships. Within the logical framework of these principles, all the matters of organization such as objectives, policies, authority, leadership, line and staff relationships, and discipline have proper positions and roles.

The work of Davis, Mooney, and Reiley was process- not people-oriented. This "deficiency" was compensated by the research that Elton Mayo and his associates conducted at the Hawthorne plant. [8] In addition to being a structure of formal relationships, Mayo observed, an organization is also a social system. As such, it has cliques, grapevines, informal status systems, and a mixture of logical and purely human, nonlogical forms of behavior. The Hawthorne studies stressed that the administrator must have human skills and a human relations point of view.

A positive statement and definition of the administrator was formulated in the technical literature of the 'thirties. It is evident from the work of Mayo and his colleagues that the social ethic grew more sophisticated in content and in its application to management. The professional manager's literature took two paths to arrive at the common goal of the administrative concept. [9] The use of the technical and the human skills in administration provided a sound professional objective toward which management could strive.

In the four decades following the turn of this century, stress was placed increasingly by the technical authors of both the "human" and "non-human" schools on the necessity of social solidarity in industry. Their efforts furthered the development of the social ethic. The scientific management pioneers began with a rather crude notion of achieving social solidarity through the automaticity of "mutuality of interests." Then, management was "humanized" in the 1920's by the industrial psychologists. Finally, in the 1930's, an interdisciplinary approach to human relations gained strength and evolved as an indispensable administrative skill.

It cannot be emphasized too strongly that the growth of the social ethic, especially during the 1930's almost eclipsed the individualistic ethic in professional literature. The concept of the administrator was largely a product of the social ethic.

Efforts were made, of course, to reconcile the social value system with the individualistic ethic. There is little doubt that both these ethical systems influenced management thought, but the social ethic seemed to predominate in the literature if not in actual business practice. This observation underscores the idea that an adequate reconciliation of these contrary ideologies was not accomplished by technical writers during the period covered by this paper.

The next part of this paper examines the novelists' reaction to the dilemma of individualism and collectivism.

THE NOVELISTS

The Hero-Manager[10]

For good or bad, the hero in fiction from 1900 to around 1930

makes things happen. Most typically, the hero is an owner-manager. As such, he resides on the top level of the organization structure. The activities of the hero are often morally and legally wrong. Yet, the most reprehensible of actions are rationalized by the hero as the "ways of business."

The hero's motives are hard to determine, but it might be suggested that they are money and power. The hero is a man of great drive, an opportunist. He is a believer in laissez-faire, a doctrine of the individualistic ethic. The hero is not an ordinary man. Often he is exaggerated to seem superhuman. This profile draws the outline of the hero-manager. A closer look at his philosophy and life is instructive.

Individualism and Conformity. Frank Cowperwood and Curtis Jadwin are outstanding examples of the individualistic hero-manager. Ruthlessness gave these men power. Cowperwood wanted wealth and power from speculation. Jadwin's motives were more subtle. He wanted wealth and power but he also wanted to "play the game" of speculation. Success provided Cowperwood with the chance to make more money, to become a transportation magnate. Jadwin used success to put himself in judgment over others.

The subject of conformity might at first seem superfluous because of the strength of the individualistic spirit among the hero-managers. Of course the early hero-managers conformed, but conformity was not a way of life. [11] In a business and even a social sense, the hero-manager did just about what he wanted. Limitations were there, naturally. Lip-service had to be given to the minimum legal restrictions on business, and some deference had to be paid to the influence hierarchy composed of persons more highly placed politically and financially. The key to understanding the hero-manager's conformity was its pragmatism. When it paid to conform to the conditions of one's environment, the rule was to conform; when conformity no longer served a purpose, it was to be discarded.

There is still another aspect of conformity--organization. But even conforming to organizational patterns did not bother the hero-manager much. The novelists of this period write almost exclusively about the man at the top of the organization. In a very real way, the organization is this man. It is a thing of his own design. It has his character and his objectives, and its survival is intimately connected with his own survival. Contrary to modern hero-managers, their older counterparts ran the organization and were not run by it.

Much more could be said about the early hero-manager. His wife and mistresses, his home life, and his relation to the artistic world are interesting. These subjects have to be overlooked and the moral of the novelists' story arrived at quickly.

The Futility of Individualism.   Dreiser, Norris, Sinclair, and
Lewis agree that the age of the individualist is finished.   Dreiser, for
example, did not see how a person alone could withstand the force of the
mass.   In both The Financier and The Titan, Cowperwood was defeated
by the combined efforts of others.   The same kind of defeat was exper-
ienced by Jadwin and the elder Ross.   The central theme of these novels
rests in the belief that the individualistic hero-manager is archaic.   In-
dividualists like Cowperwood and Jadwin are dead but they do not know it.

"They" Replaces the Hero-manager.

The fiction of management in the 1930's can be dissected
swiftly.   A strange thing happened to the hero-manager in this decade.
He vanished.   To be more exact, he vanished as a personality.   No longer
are strong-minded characters like Cowperwood and Jadwin found doing
things.   Instead "they" do things.   "They" are tools of a system.   "They"
are the hatchet men of the capitalistic monster.

Nathanael West gives a devastating appraisal, not so much of
management, but of the "system."   In A Cool Million, the hero, Lemuel
Petkin, sets out on an Horatio Alger-like quest to become a captain of
industry.   His mottoes follow a true line of individualistic symbolism, in-
cluding "free enterprise" and "the capitalistic spirit."

Hero Petkin is literally dismembered during his adventures by
"forces beyond his control."   At the end he is assassinated by the Bol-
shevists.   Ironically Petkin is made the hero of a Fascist movement which
takes the United States over because he believed in free enterprise and the
capitalistic spirit.

Nathanael West, of course, satirizes the individualistic ethic.
In many ways, A Cool Million is a microcosm which reflects the senti-
ments of better known authors.   They show the individualistic ethic being
perverted by the powerful and unscrupulous to dupe the simple-minded
adherents of a dead ideology.

The significant novels of the time like Steinbeck's The Grapes
of Wrath are not stories of managers but of corporate machines in which
managers are only vaguely defined.   This was a decade of proletarian
fiction.   The manager is disembodied by this literary tenor.   He does
not appear as a personality again until after 1940.

The novelists reacted violently against the individualistic ethic.
To them, this ethic was falling apart because of its peculiar lack of
social consciousness.   The mass was powerful and could no longer be
denied.   Social solidarity meant the brotherhood of man and the end of
exploitation.   The basis of this new order for many novelists was Marxian
socialism.

The strength of the novelists' position against the individualistic ethic might cloud their similarity to the technical writers. Actually, these two groups of authors had much in common through their recognition of the need to generate social solidarity. The methods suggested by the novelists might be more radical than those developed by the technical writers, but the objective of the two groups were similar--promotion of social solidarity through a social ethic.

The following part sheds more light on the dilemma from the standpoint of non-fiction social criticism.

THE CRITICS

Social Consciousness.

The theological question of the social consciousness movement was: "What is the point of individual salvation if we are to perish as a society?" Both Protestant and Catholic groups of this period set their sights on social rejuvenation. A large portion of the attention of these movements was directed toward the moral behavior of businessmen. The purely acquisitive, materialistic, individualistic quests of men in business had to be tempered by a notion of the social good. Like the novelists and the technical writers, the critics sought a change in the values governing the business world.

The Protestant movement was centered in the "social gospel." The Catholics found inspiration for social rebirth in Pope Leo XIII's social encyclical Rerum Novarum. Although much was written by people who followed this movement, there were few references to their writings in technical and fictional literature.

This was not too strange, though--the realization of the mutuality of interests concept through scientific management precluded the pioneers in this field from placing the social consciousness of managers on a theological base, with its emphasis on the individualistic ethic. The novelists of social reform, like Upton Sinclair, were enchanted with the Marxian thesis of social revolution and, because this thesis was atheistic in nature, the role of theology in revolution was excluded.

Diversity in Unity

John Dewey, Charles A. Beard, and Oliver Wendell Holmes, Jr. stated the social consciousness question in terms of social philosophy, an economic interpretation of history, and jurisprudence. Metzger summarized well the disenchantment of these men with the individualistic ethic:

> . . .these leaders of progressivism tried to disentangle
> the concept of diversity from the imperative of laissez-
> faire, the ethic of self-assertion, the whole emphasis on

economic individualism. . . They reaffirmed certain funda-
mental notions of diversity; the clash and play of diverse
minds and of creative self-expression. But every individual
act . . . is social in origin, public in nature, community-
wide in effects. [12]

This, in capsule form, was a statement of a social philosophy
which has wide acceptance. The individualistic ethic with its economic
implications was discarded. Substituted was a view of man in his totality.
Diversity in unity treated man as an individual but also as a responsible
member of society. It was a philosophy of social consciousness reacting
against unrestrained individualism.

The Elite

The elite may be defined as the "flower" of society. But an
analysis of the managerial elite presents some problems. A distinction
has to be made between the elite and an elite class. It is questionable
that a managerial elite class exists in America as a favored aristocracy.
Beyond this, it has to be observed that management has not accepted a
unifying doctrine or "philosophy." This fact strongly militates against
managerial class consciousness. From all of this the conclusion seems
evident that while there is a managerial elite comprised of top-level
decision-makers, there is not an elite class.

Literature about the elite has a venerable history. But begin-
ning with Plato or Machiavelli would serve no purpose here. Early in
this century Pareto stated some theories which later made a considerable
impression on Elton Mayo in the 1930's.

Borrowing from Pareto, Mayo speaks of the administrative elite
and the "circulation" of this elite. [13] Mayo points out that while the ad-
ministrative elite may be composed of able and well qualified specialists,
these specialists lack a generalizing mind and the human understanding and
the human skills necessary for a truly effective performance of their jobs.

Ortega y Gasset pleads in his book The Revolt of the Masses
for "noble direction" by an elite hierarchy. It is not difficult to see that
Mayo is close to Ortega y Gasset in this regard. Of course, "noble di-
rection" can occur within the context of any political system as long as
there are enlightened people to perform the two sets of administrative
skills mentioned earlier.

The critics, as might be expected, lined up against the indi-
vidualistic ethic and in favor of the social ethic. It is interesting to
note that some critical writing had an aristocratic savor to it. The
masses needed to be led. They had to be directed toward brotherhood
by administrators who were good human relations practitioners.

The question of the elite class remained unanswered in the 1930's.
No doubt a managerial elite class is repugnant to the tradition of the in-
dividualistic ethic. Whether or not such a class exists is debated in con-
temporary literature. The place of an administrative elite in politics,
the military, and business seen by contemporary writers (1940 to present)
is a subject for another paper. [14]

CONCLUSION

The novelists, critics, and technical writers are united during
the period covered by this paper through the common declaration that,
unmodified, the Nineteenth Century version of the individualistic ethic had
no place in the Twentieth Century industrial age. The recognition of a
need for new management values is the basic similarity of the literature
written in the first four decades of this century.

The writers further agree that management values should em-
brace some form of the social ethic. The social ethic is like a super-
ideology from which flows more specific, operational ideologies of social
reform. Thus, the technical writers interpreted the social ethic in terms
of scientific management, human relations, and the concept of the admin-
istrator.

The social ethic to the novelists meant a vital substitute for the
futile Twentienth Century individualism. Some novelists of social reform,
like the propagandist Upton Sinclair, visualized Marxian socialism as a
gigantic human relations program designed to achieve social solidarity.

The specific ideologies of the social ethic took a number of
forms in critical writing. The social gospel, the philosophy of co-oper-
ativism in Rerum Novarum, diversity in unity, and the elite are all ex-
amples of the critical approach to the problem of human collaboration in
an industrial civilization.

A pure ethic of individualism cannot be relied upon to solve the
problems of an age characterized by human proximity, and interdepen-
dency appears to be the dominant theme in the literature of the period
under analysis. The social ethic was considered by the writers as the
more realistic value system to which management should subscribe.

Of course the extent to which writers inclined toward the social
ethic, as compared to the individualistic ethic, was a matter of degree.
For example, the novelists and critics were most violently opposed to
the individualistic ethic and most ardent in their support of the social
ethic. The technical writers seem to be more intent on discovering a
middle ground between the social ethic and the individualistic ethic.
Sceintific management, later coupled with the concept of the administrator,
was something of a compromise between the two ethics. [15]

The basic dilemma was still not solved, however, to everyone's satisfaction. While the writers seemed to agree on the goal--human collaboration engendered by a social ethic--there was little literary consensus on means. The implicit problem was, what specific aspect of the social ethic will best allow us to achieve the goal of social solidarity?

Today, the literary struggle in regard to means for gaining social solidarity continues. But the appropriateness of this goal itself is also being questioned. During the last ten years, writers have been battling for and against either the social ethic or the individualistic ethic. So the modern controversy has developed several dimensions. It is doubtful that any particular ideological advocate will win a clear victory.

Contemporary authors can at least derive some dubious satisfaction from knowing that earlier management writers wrestled with similar problems. These "pioneer" writers sharpened the outline of what some call "the modern manager's predicament." It is concisely put on the dust cover of William H. Whyte's book The Organization Man: "The clash between the individualistic beliefs he is supposed to follow and the collective life he actually lives--and his search for a faith to bridge the gap."

FOOTNOTES

1. The fiction and nonfiction works analyzed for this article have appeared in book form between 1900 and 1940.

2. Frederick W. Taylor, Henry L. Gantt, Harrington Emerson, Frank and Lillian Gilbreth, and Morris Cooke.

3. Frederick W. Taylor, Principles of Scientific Management (New York, Harper and Brothers, 1919), p. 140. Taylor's third characteristic might appear contrary to the individualistic ethic. This point is cleared up by Taylor's comment, ". . . all great things will be done by that type of co-operation in which each man performs the function for which he is best suited, each man preserving his own individuality and is supreme in his particular function, and each man at the same time loses none of his originality and proper personal initiative. . ." Ibid., pp. 140-141.

4. The "management profession" is a widely used phrase that has little meaning. Instead of the professionalization of management, the specialization of management more accurately titles the events to be described in this section. Specialization and professionalization are often confused. However, since the latter term is more common it will be used here.

5. Adolf A. Berle, Jr. and Gardiner C. Means, The Modern Corporation and Private Property (New York, The Macmillan Company, 1932), esp. Chapter V. For another interesting point of view on corporation development see Thurman W. Arnold, The Folklore of Capitalism (New Haven, Yale University Press, 1937), Chapter VIII.

6. Ralph Currier Davis, Industrial Organization and Management (New York, Harper and Brothers, 1940). First published under the title The Principles of Factory Organization and Management.

7. James D. Mooney, Principles of Organization (New York, Harper and Brothers, 1947). First published by Mooney and Alan C. Reiley under the title Onward Industry.

8. A complete report of the Hawthorne studies may be found in F. J. Roethlisberger and William J. Dickson, Management and the Worker (Cambridge, Harvard University Press, 1956, Eleventh Printing).

9. Interestingly enough, there was a rather clear division between the authors who wrote about "nonhuman" management functions and the human relationists who wrote about "people." Chester I. Barnard, in his The Functions of the Executive, first printed in 1938 by the Harvard University Press, attempted to weld these "schools" together, using the ideas of the "efficient" and the "effective" organization. See Chapter 7.

10. This composite is drawn from the heroes of the following novels: Frank Norris, The Pit--Curtis Jadwin; Theodore Dreiser, The Financier and The Titan--Frank Cowperwood; Upton Sinclair, The Jungle--"meat packers"; Upton Sinclair, Oil--the elder Ross; F. Scott Fitzgerald, The Great Gatsby--Jay Gatsby.

11. A famous exception was Sinclair Lewis' Babbitt.

12. May Brodbeck, James Gray, and Walter Metzger, American Non-Fiction 1900-50 (Chicago, Henry Regnery Company, 1952), p. 153.

13. According to Pareto, history is a graveyard of aristocracies. The elite in every society tends to circulate; that is, true vitality of leadership results from replacing the established hierarchy by people who are able to maintain social equilibrium. Mayo observed that perhaps this circulation has broken down. The elite (1933) may not be in the process of change with the "old guard" of private and governmental executives in which the new elite of administrators are more adequately equipped to preserve the balance of social relationships. Elton Mayo, The Human Problems of an Industrial Civilization (Boston, Harvard University, Division of Research, Graduate School of Business Administration, 1946, Reprint, original published, 1933), Chapter VIII.

14. The more contemporary area of criticism has been greatly expanded by such writers as James Burnham, The Managerial Revolution, William H. Whyte, Jr., The Organization Man, C. Wright Mills, The Power Elite, Peter Drucker, The New Society, and C. Northcote Parkinson, Parkinson's Law.

15. Some contemporary exponents of human relations would say that their ideology provides an adequate reconciliation of the individualistic and collectivistic propensities in man's nature.

THE AUTHORITARIAN CULTURAL LAG IN BUSINESS

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After enjoying for some thirty years a gradual and somewhat unexpected increase in acceptance, especially verbal, the popularity of the human relations approach seems now to have reached its apex. To some people its future is subject to much doubt. What these critics refer to as its veneer has been cracking for at least five years.

In 1953 Douglas McGregor, then President of Antioch College, warned that business was confused about human relations. He described as a major error of management the assumption that personnel administration consisted largely in dealing with human relations problems. He said that this approach to personnel administration viewed the subject as a repair job instead of as a way to prevent the need for repairs. [1] At the same time, Eugene Lyons, Personnel Vice-President of Merck and Company, accused his own profession of conducting human relations on a day-to-day expediency basis.

The purpose of this paper is to discuss the problem highlighted by this growing criticism of both the human relatons approach and the popular but elusive term "democracy in business." The specific thesis is that the concept "authoritarian cultural lag" offers a partial explanation for this reaction formation that appears to be gathering formidable support.

The attempt to introduce "democracy" into business theory and practice has been urged for a quarter of a century by two principal schools of thought whose intellectual mentors were Elton Mayo and Kurt Lewin. Of course, there are differences between them, but from an over-all standpoint the similarities predominate. For example, both believed that there was too much authoritarianism in business (and society for that matter). Both believed that the small, face-to-face (primary) work group was potentially real to the individual and powerful over him. And both believed that through participation the group could motivate the individual to be more productive and happy.

Mayo and Lewin believed that the individual had lost his sense of worth and was resisting change (increased productivity and efficiency) because he no longer had a way of meaningfully identifying with his organization, society, and, for that matter, his fellow man. Both believed, therefore, that an administrative elite should be trained that would promote the spirit of co-operation and participation. Being academics, they attempted to support their formulations by research, and they believed in education as the basis whereby this administrative elite was to be developed.

The approach of Kurt Lewin Became known as group dynamics and that of Mayo as human relations.

Just as this brief interpretation hazards the possibility of mis-interpretation and faulty generalization, so interpretations made of these two schools of thought by the many subsequent students and practitioners of business administration may have fallen short of the mentors' initial formulations. No doubt some have interpreted "human relations" to mean simply that by increasing management's interest in workers their pro-duction would increase. In addition some businessmen may have inter-preted human relations to mean increased productivity through increased morale, or increased loyalty through increased participation, or increased acceptance of change through better communications. Or perhaps group dynamics was misinterpreted by the attempt to establish committees, not just for getting better decisions and insuring their acceptance, but for bringing about better conformity and achieving a greater degree of loyalty.

When Erich Fromm and David Riesman accused the business system as being a hotbed for spawning conformity-ridden individuals,[2] or when Malcolm McNair accused the "human relations" fad for its re-peated violation of the dignity of the individual by employing techniques for manipulating people,[3] ample evidence to support their charges probably existed. The reaction formation gathered considerable strength when Clark Kerr, Chancellor of the University of California at Los Angeles, accused the "factory sociologists" of plotting against the privacy and inde-pendency of the individual.[4] By the time Fortune's William H. Whyte exhibited The Organization Man, many had been warmed up to the possi-bility that George Orwell's authoritarian "Big Brother" was just around the corner.

If the organization is today enslaving the individual, it is of course important to know how much the theories and practices of human relations and group dynamics have contributed. The reaction formation is most biting in its disbelief in the validity of the human relations and group dynamics research data. There is considered opinion that initial formulations by their intellectual mentors were not based on adequate re-search. Landsberger suggests several shortcomings, among which is the fact that Mayo did not seem to have considered that he was dealing with a situation that was not necessarily a permanent and representative char-acteristic of America as a whole.[5] Lewin's original idea that "democratic" groups are more productive and satisfied may turn out to be a classic faulty generalization. His conclusion was that "more creative and con-structive work products emerged from the high unity of democratic life, with its greater amount of objectivity and co-operativeness of interpersonal relationships."[6] This generalization of higher productivity and morale was premature in terms of the evidence provided at that time. Subsequent studies tried to affirm this generalization,[7] but lately there have appeared several studies that have counteracted this affirmation.[8]

Recently, on behalf of the American Management Association, the author brought together available groups dynamics studies dealing with democratic and authoritarian leadership and found that he could not be dogmatic in regard to which was superior or in regard to what role either played in morale and productivity. [9] As this group dynamics literature was correlated, Rensis Likert, of the University of Michigan, brought together literature, some of which was duplicate but most of which was provided more directly by "human relations" studies. He concluded that research findings did not support the assumption that there are leadership and supervisory practices which, if followed, will consistently yield appreciably better performance and morale than is obtained from other practices. [10] The situation is apparently much more complex than what the initial theorists and their subsequent practical interpreters presumed.

This means that from a research standpoint there is not sufficient empirical data to suggest that the intended effects would have occurred even if management had followed faithfully the initial formulations of the two mentors, Mayo and Lewin. Since there are too few cases where they were applied faithfully, we cannot honestly say to what extent Chancellor Kerr's criticism to the effect that "factory sociologists" are plotting against the privacy and independency of the individual is due to "human relations" or "group dynamics." But if these original formulations were impotent in the first place, it does not follow necessarily that either the theory or application of human relations and group dynamics is invalid. These programs nevertheless bear critical watching. Such facts constitute one reason for the academic's reaction formation.

Apparently some businessmen, too, are becoming wary of this "democratic" movement. Inland Steel in 1956 created for William Caples the title of Vice-President of Human Relations. It is not known to what extent the title was at the time based on taking advantage of a popular name; but by the spring of 1958 the title was quietly withdrawn. Mr. Caples not only reported that the acquiring of this title suggested to some that they had either no human relations or "poor" human relations before its adoption, but also that the "Mayoan" school had really never been appreciably adopted by business and industry in the first place. [11] One company had made it clear to the author in the form of written communication that the individual "exchanges his full freedom of action for his place on the payroll." This executive goes on to explain that the individual "must realize that his purpose of being there is to carry out, within his area of responsibility, the objectives of the organization." He concluded, "This is a reality, not just a theory."[12]

If it is not yet altogether fair to say that many companies have recently recaptured the authoritarian spirit, it is clear that many companies have not given it up to an appreciable extent and that some have become ambivalent about the whole affair. The General Electric Company has become one of the foremost training grounds for Mayo's administrative elite. [13]

Each year a junior elite is trained in the school of human relations, with heavy emphasis on communications, sensitivity, and other social skills. Yet, at the top level, "Boulwareism" teaches them to believe that intelligent, enlightened leadership should be able to discern what are the needs of the workers and, once having determined these, it is best to hold to them once and for all, regardless of pressure (union) to the contrary.

If apparent rejection (as in the case of Caples) and ambivalence (as in the case of General Electric) may be looked upon as defenses (reaction formation) against the implications of human relations in business, clarification may likewise be a form of defense or reaction formation. Donald R. Schoen, Executive Vice-President of the Hays Corporation of Michigan City, Indiana, believing that many advocates of human relations have failed to make clear just what they are talking about, tried to help relieve the misunderstanding and confusion by suggesting that the underlying theme of the human relations apprach is an attempt to understand people as they really are and to accept them on this basis. [14]

This of course raises the question as to what people are really like. It is possible, as we shall note in this paper, that executives are basically authoritarian and that they are under certain conditions predisposed to rely upon an authoritarian structure for their feelings of effectiveness and security.

It should be mentioned that it is not the purpose of this paper to disparage the human relations approach, but rather to show the limitations that are inherent in the optimistic enthusiasm of the human relations people who believe that the unique strength of the democratic work group can be a positive force for accomplishing the objective aims of the larger organization--increased productivity and morale. We have already noted that the empirical evidence is too ambiguous to justify such an optimistic statement at this time. However, there has not been too much elaboration on the reason certain students and practitioners of business administration are today tending to reject the "democratic" thesis.

Perhaps the problem involves an insurmountable contradiction. It is a problem of an authoritarian system trying to include to an appreciable degree the democratic urges of a society at large as well as those of the subordinate members of the business system per se. Is there a contradiction here in terms of opposing drives that go far deeper than what is normally implied in the "democratic" approach? The "democratic" approach carries the questionable implication that management is psychologically able to incorporate into the administrative structure the democratic process with its emphasis on participation and representation.

The explicit thesis of this paper is that by and large the typical executive does not have this psychological capacity to integrate appreciably with the democratic urges of the primary work group process. Even

the practice of coming to the point of appearing to give lip service and
some degree of credence to the democratic approach in such things as
decision making and policy formation represents for the executive a
stretching beyond his psychological capacity. Believing that management
can resolve these two conflicting urges, authoritarian and democratic,
without performing a major revision of either viewpoint may well be over-
ly optimistic.

Much of the theory that has gone into the study of the authori-
tarian personality has come from the views of Erich Fromm on the sub-
ject of freedom. [15] In line with psychoanalytic theory, the adult relation-
ships are merely blown-up child relationships, with the latter having cen-
tered around the parents. The child, being closely attached to his mother
for nutriment, love, support, and security comes to require not only phys-
ical weaning but emotional separation from his mother as well. Under
ideal circumstances, this dependency breaks off by the child's development
of emotional strength and self-confidence and the capacity to cope success-
fully with his environment. Unfortunately, in our interpretation of Fromm,
the child's development is less than ideal in the majority of cases and the
break-off comes at such a time when the child is not ready to cope with
this new freedom. As a result, he rejects the opportunities offered him
to stand alone and make his own decisions and he endeavors to find per-
sons who have strength, power, and authority to whom he may attach him-
self, on whom he may be dependent, and to whom he may become sub-
missive. But this flight into dependence defeats its own ends because it
is prone to increase rather than decrease the individual's insecurities.
Insecurity and submissiveness compound each other to a point at which
they affront and offend his self-ideal as a dynamic, fearless, indepen-
dent individual. This conflict is displaced onto the very persons to whom
he has formed his dependent, submissive attachment. He hates them,
and yet he needs their support. In adult life his dependence and submissive-
ness tend to make him hard working, and the fact that he is hostile of
authority makes him difficult to supervise. He tends to make his way
into large organizations because of this unusual need for security. Most
often he is the one who learns how to adapt quickly to demands placed
upon him by superior authority and, in turn, to displace such hostility
that is normally a result of this submissiveness onto subordinates in such
a manner that he becomes viewed as management material.

Norman Martin provided a picture of the executive in an article
spelling out Machiavellian tactics and power orientation. He says that
beneath the general principles, attitudes, and ideals of "human relations"
lie the actual tactics and day-to-day techniques by which executives
achieve, maintain, and exercise power. In the current enthusiasm for
"democraticizing" business procedures, these hard, practical devices tend
to be overlooked. Martin says that they nevertheless exist and in many
ways do not depart substantially from the scorned advice of Niccolo
Machiavelli. [16]

In an article confirming Martin's view of the executive's char-
acter formation, Robert McMurry, an Austria-trained clinical psycholo-
gist and senior partner of a Chicago management consulting firm, says
that most executives do not want a system of democratic management be-
cause they are more likely to be hard-driving, egocentric entrepreneurs
who come up outside the business in careers where they have had to keep
the power in their hands; or, they may be veteran victors in "no quarter
given" fighting for positions of increasing power within the business. [17]

Instead of participative management McMurry describes business
as a "benevolent autocracy" wherein the top man stresses the desirability
of "humanistic" management but remains undeniably its strong man, while
all jobs and relationships are clearly defined and rigidly structured.
Henry's view of the executive as being high in drive and achievement,
strong in his aspiration to upward mobility, acutely decisive, and possess-
ing a strong sense of self-identity, does not show a tendency in the di-
rection that the "democrats" Mayo and Lewin would greatly appreciate.
The capstone of this view of the executive as an authoritarian was provided
in a major study by Warner and Abegglen. [18] These authors' description
of the mobile executive is strikingly similar to the authoritarian person-
ality described in the final passages of this paper.

The view presented by these several studies enables us to diag-
nose the "inroad" of "democracy" as basically the result of some kind of
external pressure and not necessarily the manifestation of inner convic-
viction on the part of the executive. This accounts for the fact that at
the verbal level the "democratic" approach has its greatest manifest
acceptance.

If this diagnosis is true, the possibility exists that "democracy"
will never become more generally adopted than it now is. But even this
prediction is less pessimistic than the more likely development that it
will henceforth be attacked more openly or even repudiated by a rever-
sion to a more overt or more rigid authoritarian approach. When this
occurs, we shall be in the middle of a situation known as "the authori-
tarian cultural lag". We are presently entering it. The foregoing evi-
dence of this reaction formation against the "democratic" thesis has been
briefly provided not only to highlight the central problem of this paper
but to show what authoritarian cultural lag is like in its early stages.

In 1829 Robert Southey made some observations on inventions
and technology and their influence on social life. More than a quarter of
a century ago, Herbert Hoover, then Secretary of Commerce, wrote an
article in one of our journals in which he pointed out the rapid spread of
radio and indicated some of the problems which the radio would create.
About the same time he wrote the introduction to a book dealing with
economic and industrial changes and used the concept as well as the term
"lag." [19] However, it was Ogburn who dealt most freely with the term

lag and introduced it formally into the literature.[20]   He said that where
one part of culture changes first, through some discovery or invention,
and it occasions changes in some part of culture, this delay is a cultural
lag, during which time there may be said to be maladjustment.   Further-
more, he saw that changes in the material culture are apt to be more
numerous and rapid than changes in non-material culture.   Within non-ma-
terial culture, such as managerial theory and practice, this lag may also
occur in the sense of one part being more firmly entrenched than the other
in the attitudes and expectations of the members of that culture.   In this
sense the culture of a society (such as business) is a functionally inter-
related whole in which changes in one part may eventually bring about re-
percussions in the most distant parts of that culture.   These repercussions
are usually highlighted by reaction formation such as we have described
in this present discussion.

          The concept of lag is also useful for explaining a reversion to
authoritarian leadership after a too drastic attempt to impose democracy
on an authoritarian culture.   Gilbert used this concept to explain the
German demise and also the French disaster.   He viewed the assumption
by Napoleon of the role of dictator, and then emperor, after getting the
whole-hearted support of significant segments of post-revolutionary French
society, as illustrative of a fact that has been true of virtually every dic-
tatorship since that time.   It is the inability of an authoritarian culture
to absorb too much self-government too suddenly without a "regression"
to some form of paternalistic-authoritarian rule.   From the First French
Republic to the German Weimar Republic there has occurred evidence that
while the outward forms of democracy may be achieved overnight by
revolution, the psychological change necessary to sustain it cannot.[21]
This is illustrated by the numerous attempts at restoration in England
well after the monarchy had been overthrown.

          The failure of the Russian revolution of 1905 may be partially
explained by the inability of both theorists and activists to put into prac-
tice the very program that represented their ideological beliefs.[22]   It
is interesting to note that when the lag became manifest to Lenin and the
central committee, almost the same kind of reaction formation set in as
we found in our discussion: Questioning occurred over what were Marx's
and Engel's original formulations, who had deviated, was it merely mis-
interpretation or willful distortion, and what clarification was necessary
to restore the "democratic" movement to parity (reduce the lag) with the
authoritarian system (tzarism).   Some recent examples of this authoritarian
cultural lag may be found in South America and in Africa, notably, of
course, in Egypt.

          In America, too, we have had many examples.   A society will
have a lag which values authority and power and which has democratic
urges that constantly threaten or serve to checkmate these authoritarian

values   The demand by workers in the 1930's for recognition and repre-
sentation in management decisions was too sudden and too foreign a de-
mand for the business executive to absorb into his traditionally authori-
tarian manner of thinking and behaving.   As in the case of the French,
English, and Russian revolutions, the attempt to dilute the American
businessman's authority was, among other things, countered by a surge of
paternalistic management largely based on the exertion of personal dominance.
We may also note that union members were caught in a lag too, since
their freedom from authoritarian management came too suddenly in terms
of their limited understanding and skills to make use of it through demo-
cratic participation in union affairs. [23]   This lag partially contributed to
the emergence of authoritarian rule in unions.

Of course, in all of the cases cited, the concept of the author-
itarian cultural lag can be used only partially to explain what happened.
This is because major innovations in a culture are produced by a com-
plex set of factors.   So far not all of the factors have been adequately
discerned.

Within the business system one example of an authoritarian
cultural lag is particularly interesting.   When Ralph Cordiner set up the
services division, composed of ten vice-presidents--such as manufacturing,
engineering, employee and plant community relations, and public rela-
tions--whose only authority, according to Fortune, was to go into a divi-
sion or department and observe for purposes primarily of planning and
forecasting, the operating managers tended to reject the informal roles
of these vice-presidents as staff men and tended instead to view them
as possessing undue authority.   Harris, in describing this overhaul of
General Electric, stated, "It may well take a new generation of operating
managers to accept services for what they are--a service group for
operators, not a staff group of bosses."[24]   The attempt of Montgomery
Ward to move into a less authoritarian tempo upon the release of Sewell
Avery is an excellent study of inertia of long established habits and at-
titudes.   Unfortunately this research is just getting underway.

Although he did not explicitly use the term authoritarian cul-
tural lag, it was very much a key to Mayo's initial theoretical formula-
tion.   He saw the changes of the last two centuries as having a disturbing
influence on traditional social balances.   Material and technical achieve-
ments had outpaced free and effective communication between groups and
the capacity for spontaneous co-operation.   As late as 1947 he saw the
study of social facts as only beginning to open up knowledge in regard to
the magnitude and fundamental character of the disparity between the in-
dividual and the organization.   Owing to this general ignorance, Mayo
saw leaders in many countries relapsing to the ancient practice of com-
pulsion by central authority (authoritarian leadership) in order to achieve
their ends.   He saw that this affected even those countries that nominally
retained the forms of democratic government.   Compulsion never succeeded
in arousing eager and spontaneous co-operation. [25]   Mayo's research led

him to the now famous trilogy which, in simple terms, might be stated as follows: spontaneous co-operation is a function of the degree of work satisfaction, and work satisfaction, in turn, depends upon the informal social pattern of the work group. [26]

This tridogy must of course be properly expanded if used for practical purposes, but for our theoretical discussion its brevity will suffice to point out that Mayo did not foresee what the future would provide in the way of ameliorative conditions to offset the lack of work satisfaction, civic leadership, and social, political, and charitable activities of a type that would give workers opportunity for social status and expression. Higher wages, more leisure time, greater security, and increasing protection from technological unemployment are but a few of these ameliorative factors and conditions that we might cite in addition to those that were installed in varying degrees by the human relations and group dynamics programs. Furthermore, Mayo did not fully anticipate that the major portion of labor's increased productivity would not come from its own efforts but from technological innovation: The foremost requirement of labor in a highly automated system is to be "reliable" rather than "productive".

It is not unfair to suggest that the development of co-operation and participation to the degree proposed by Mayo and Lewin is not only something that American management lacks the skill to promote, but is also something management fears, since such a degree of co-operation and participation might bring on problems for both workers and executives that require more in terms of time and energy than they are prepared to devote to them. Sufficient evidence however is lacking to prove that the American executive is resisting further invasion of democracy into his business system because of the additional problems and responsibility that are likely to result.

The possibility exists that both Mayo's and Lewin's major misjudgment was the extent to which the authoritarian character trait is imbedded in our society, especially in our business culture. If this is true, these mentors could not have anticipated the resistance to the personality change their formulations required of the members of the administrative elite.

This same mistake in judging the character of the members of the system that one is attempting to revolutionize was made by the Mensheviks during the 1905 rebellion. The Mensheviks believed that rulership from below by a kind of social democracy represented the logical extension of their appraisal of the peasant's character. Lenin, however, appraised the situation differently. He saw that Russian patriarchism was rooted deeply in the undivided family dominated by the father patriarch. The village in turn was dominated by its council of elders, who in turn were led by a village patriarch. At the apex of Russian society the Tzar was the "father of the people". Thus Lenin saw that power in the hands

of the peasants would fail to be effective, for they had not the skills, attitudes, or habits necessary for its effective use. He formulated the concept of "democratic dictatorship," which Stalin developed further to a point wherein he took the place of the Tzar as "father of the people". Although, of course, the social theory is different, this concept of "democratic dictatorship" is somewhat akin to McMurry's "benevolent autocrat" or the author's "mature autocrat," which he has employed frequently to show in what manner the reversion to more authoritarian practices will possibly take place in American business. [27]

In short, Mayo and Lewin may have misjudged the extent to which democratic urges represent basic prompting in our national character structure, especially that of the various elites.

Then ,too, the authoritarian cultural lag is greatly dependent upon the character formation of the elite which is in power. This, our next point of analysis, requires a description of studies that have recently shed light on the character formation of authoritarian personality. [28]

In determining specifically the characteristics of the authoritarian character structure, a group of California researchers found that the traits included extreme conformity to in-group norms, over-idealization of power figures, unconscious feeling of hostility toward such power figures, and a strong tendency to displace aggression onto weaker and non-retaliative persons. [29] For the purpose at hand, it is desirable to select several aspects of the authoritarian personality syndrome that will cast light on the reaction formation to the "democratic approach" in business theory and practice. In this regard, the most promising aspects are the power, anti-ambiguity, and conformity sets described below.

In terms of the power set, authoritarians strongly prefer to work in organizative climates that are heavily status-laden, to accept strongly directive supervision, and to talk in terms of "power" words when describing "good" superiors. [30] Because they tend to identify with a power structure, they identify with individuals who have displayed this same power orientation and to be repulsed by subordinates or peers who do not show similar respect for "power" figures.

The authoritarian's inner need for power is satisfied in part by identifying with superiors and alienating himself from subordinates. He finds security in a hierarchical organization of superior-subordinate relationships, because this is a means of identifying with power which he so anxiously wants. Thus he is predisposed to accepting the traditional management practices of individual decision-making, unilateral communication flow, and delegation of routine work to subordinate persons and to maintaining a tight control on jobs that require his superior skill and wisdom.

Very closely related to this power set is the authoritarian per-
sonality's anti-ambiguity set, which is manifested by a strong demand for
unqualified certainty, definiteness, and concreteness. [31]   To the authoritar-
ian personality the uncertain and the unpredictable are highly annoying
and emotionally upsetting. [32]   To accommodate this fear of the ambiguous,
there is a marked tendency to unqualified thinking in terms of black and
white and either-or solutions and diagnoses.   A further tendency is that of
a compartmentalized, piece-meal approach to problems accompanied by an
absolutizing of specific aspects that are familiar. [33]   The quest for certainty
creates-a dislike for undertaking any project unless there is a pretty good
idea as to how it will turn out.   Straightforward reasoning appeals to the
authoritarian personality, but metaphors and analogies are very distracting.

This anti-ambiguity set combines with the power set to recog-
nize the individual rather than the group as the basic unit of the organi-
zation structure.   The kind of sociological thinking that gives credit to
collective units, such as primary groups, is alien to "good" organization
and viewed by the authoritarian personality as a sign of weakness.

In addition, the authoritarian tends to be somewhat insensitive
to the psychological or personality characteristics of others in their per-
ceptions and judgments. [34]   He is more sensitive to such external varia-
bles as social status, organization position, and other "power" related
factors. [35]   In spite of this reduced sensitivity to people as social and
psychological subjects, he shows a greater tendency than non-authoritarians
to differentiate the social environment in terms of power symbols.   Here
we see these power and anti-ambiguity sets operate to focus attention on
the environment about him in sharp, black-white distinctions in which a
man is either "great" or "weak" or helpful or not helpful, and the cri-
teria that the authoritarian uses for making these judgments are concrete
rather than abstract, impersonal rather than personal, institutional rather
than social.   The two sets, power and anti-ambiguity, then, reveal that
the authoritarian executive views individuals rather than abstract groups
as the basic units of organization, and perceives them, and makes judg-
ments about them, based upon power, institutional, and status-laden con-
cepts.

The third set is the conformity set, which is broadly defined
here to mean being overly submissive to the demands placed upon the ex-
ecutive by his "power" figures. [36]   He tends to inhibit his hostility to
them, but in turn to demand conformity from those he considers subordi-
nate. [37]   However, is this conformity a result of inner conviction? When
a person yields to group opinion in expressing a judgment he may be re-
sponding to certain aspects of the situation such as pressure from the
group to conform, lack of any objective standard of judgment, or the
need to get a job done because of too little harmony.   But the authori-
tarian executive is seen to conform for another reason.   He has an inner
need to conform, especially to power figures and to group pressures. In

the latter case, he conforms to group pressure because the act of conforming helps keep hostile impulses against groups suppressed,and thereby functions as a mechanism of defense. [38]   Such an executive may agree with group norms and decisions because by so doing he can keep from being genuinely influenced by them.   The same can be said of conforming to power figures, only in this case the art of conforming will be followed by behavior that agrees with the act of conforming, because of his respect for obeying the demands of a superior-subordinate relationship.   But when placed in a permissive setting--such as what Mayo and Lewin would develop--he will oftentimes overtly conform to the majority view, or he will overtly conform to the superior view of a formal power figure.   By this means he acts to keep himself from being genuinely influenced by others. This inner need to conform finally gives us a reason why "democracy" appears to be in business more than it actually may be.

When we now consider all these three sets of the authoritarian executive, we see that he is strongly apt to maintain an authoritarian approach to people because of deep-seated power, anti-ambiguity, and conformity needs and that these needs-satisfactions are integral to his psychological well-being.   When faced with the requirement to make use of individuals in the manner suggested by human relations and group dynamics, we see that he is not psychologically capable of doing so with any high degree of conviction and, as a result, may level, compromise, or yield.   In this way, he will use groups as well as participation procedures, but he will maintain subtle but effective ways of maintaining his personal autonomy.

The authoritarian's personality conflicts headlong with the kind of leader he must become if he is to follow faithfully the Mayoan and Lewinian formulations.   He is hostile to the very concept of shared leadership and, second, he finds the democratic leadership concept to be very abstract, and therefore fear-arousing.   The concept of a democratic leader itself suggests that it cannot be rigorously defined.   Even to some of the less authoritarian executives, the idea that leadership is largely determined by the demands of the situation and that these demands vary from group to group and situation to situation, is a vague, ambiguous, and terribly frustrating concept to entertain, especially in terms of the requirements found normally in business enterprise.   This possibly accounts for the reason why Bendix found in his exhaustive study that the "Mayoan school" contributed more to managerial ideology than to managerial practice. [39]

We may theorize,then,that the current criticism of the human relations approach expresses the beginning of the renouncement of "democracy" in business.   The incipient authoritarian cultural lag as we have described it is an expression of the executive's inability to become motivated by the diffused image invoked by the new prototype of leadership found in the human relatons and other "democratic" approaches.   If it is

not motivating to them, it may be taken to mean that the authoritarian prototype has not been displaced as a manifestation of an inner-motivating force.

If the proponents of the democracy, the Mayoans and the Lewinians, address themselves effectively to this growing storm of reaction and in the long run appreciably "democratize" management, they will most likely have done so through a better understanding of the inner-needs of the executives, who are largely products of an authoritarian culture. This struggle represents a long-time affair lasting over several generations. At the present time these proponents' continued use of words of hope and optimism that completely overlook the psychological inability of authoritarian executives to effectively follow through, is tending to forestall progress toward their desired objective.

FOOTNOTES

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3. Malcolm McNair, "Thinking Ahead: What Price Human Relations?" Harvard Business Review, March-April, 1957, p. 15.

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10. Rensis Likert, "Effective Supervision: A Culturally Relative Process", Mimeograph, 1947.

11. William Caples, "Comments on Human Relations," Speech before the Michigan State University Business College Faculty and Graduate Student Seminar, November, 1958.

12. Personal letter from A. F. Koepcke, Director of Management Development and Educational Services, Borg-Warner Corporation, February 25, 1958.

13. See Fortune, "The Crown Princes of Business," October, 1953, p. 150.

14. D. R. Schoen, "Human Relations: Boon or Bungle?" Harvard Business Review, November-December, 1957, p. 41.

15. Erich Fromm, Escape From Freedom (New York, Rinehart, 1941).

16. Norman Martin, "Thinking Ahead," Harvard Business Review, November-December, 1956.

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22. See B. D. Wolfe, Three Who Made a Revolution (Beacon, 1948).

23. See Neil W. Chamberlain, et. al., A Decade of Industrial Relations Research (Harper and Bros., 1958).

24. See Fortune, December, 1955.

25. Elton Mayo, Political Problems of an Industrial Civilization (Harvard University Press, 1947), p. 24.

26. Reinhard Bendix and Lloyd H. Fisher, "The Perspectives of Elton Mayo," Berkely, Report No. 17, 1950.

27. See E. E. Jennings, "The Mature Autocrat," Nations Business, Sept., 1958.

28. It should be noted that these studies are Freudian-based and the ensuing word choices may be difficult for the reader. He would be greatly aided were he to read the very readable essay by Fromm on the authoritarian personality. See Erich Fromm, Escape From Freedom (New York, Rinehart), 1941.

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BUSINESS GAMES AT THE UNDERGRADUATE LEVEL

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One of the more interesting new developments in the teaching of management is the use of business games as an educational tool. The essential idea in this approach is to set up fictitious companies and to have students operate them in mock competition with one another, in the same general fashion as military war games. While in the classroom the students staffing these "play" companies can, it is believed, get some fairly realistic experience in what it would be like to actually operate a company--gathering information, making decisions, and suffering the unfortunate consequences or rejoicing over the successful outcome of their activity. Obviously this is still a very long way from the real thing, but it is a sizeable step forward in creating conditions that simulate managerial experience.

For the most part, the use of business games has up to now been restricted to practicing business executives and advanced graduate students. Apparently there has been little attempt to use these games on the undergraduate level. In fact, such an idea has sometimes been seriously questioned on the premise that undergraduate students have too little experience, too little knowledge, and perhaps are too immature to play a game successfully in such a way as to benefit from it. To an extent these arguments seem to be missing the central point--when considering this, or any other, teaching method. The question should not be, "Will the undergraduates play the game as successfully and as skillfully as experienced businessmen and graduate students?" but, rather, "Will they learn faster, or will they gain something that they were not previously learning through the use of another method?"

We felt there was a possibility that the answer to this question would be "yes," and we decided to experiment. A business game was played in three sections of our "Industrial Organization and Management" course given at the University of Illinois. This is our basic course in the area of management, and the students are mostly juniors. They have little business experience except for the usual part-time or summer work engaged in by most of our undergraduate students.

Objectives

To some degree, the objectives of this experiment were established prior to the particular choice of the business game as a teaching device. In reviewing the past results of the course, it was felt there were three areas that needed improvement. First, the course was

somewhat "unreal" to the students. They learned the concepts, principles, and practices presented, but there was room to doubt if the significance of these matters was really understood. Division of labor, delegation, organization, and so forth were, it was feared, remaining basically "academic" matters in their minds. This can be partially explained as a natural result of lack of experience in the business world. The question we sought an answer to was, "Can we give them some of this necessary experience during their undergraduate work?"

A second area needing improvement revolved around the point that the various sections or parts of the course remained separate parts and sections in the minds of the students. It is obviously necessary for teaching purposes to subdivide a topic and teach one part at a time. It was feared, however, that in spite of specific teaching efforts to the contrary, the parts were not coming together to form a whole concept in the minds of the students. To too many students control was control and staffing was staffing, and never the twain shall meet.

The third area seems somewhat similar to the one mentioned above, but it is actually quite different. It was felt that the integrative nature of the management function was not being appreciated. The student should know that in order to make an intelligent decision about an advertising budget an executive might have to draw upon information and policies concerning market forecasts, products, production, research developments, the money market, and perhaps several dozen other factors. This is a difficult point to get across satisfactorily. It is equally difficult to get a proper understanding of the fact that the manager has to bring about continuing integration of various activities such as marketing and research, or production and selection, if he is to perform his job correctly.

In an attempt to find some way to increase the student's appreciation of these points, it was decided to try a business game.

Choice of a Game

Although business games have loomed up over the horizon only a few years ago, a considerable number of them is presently available. There seemed a likelihood that it would be possible to select one of these rather than to devise one for our purposes. One primary criterion was used in selecting a game: It had to be simple. Any game that took a considerable amount of time to learn or play, required a great deal of work or equipment for scoring, or necessitated a large staff of references for control was frankly beyond our capabilities to handle. The game developed by G. R. Andlinger was finally selected as the one which most nearly satisfied our specifications:[1] It is easy to learn, it does not require a computer, and it does not involve complicated administrative procedures.

Conduct of the Game

This game divides the class into two or more teams or com-
panies. Each company begins with $400,000 capital and is expected to
use this beginning capital, in competition with the other firms, to increase
its total assets, profits, sales volume, and share of the market. Each
quarter the companies make decisions on whether to increase their physi-
cal productive capacities, how many salesmen to hire, whether to back
up their salesmen's efforts with advertising, and, if so, how much adver-
tising to buy and where to concentrate it and what customers to have
their salesmen call on. In addition, they make decisions on the amount
of money they are going to spend on research and development and whether
they are going to invest in certain economic and market research infor-
mation that will permit them to make their operating decisions more re-
liable. Depending on how well they make these decisions the companies
can increase their chances of making a sale. The soundness of other de-
cisions will determine whether they will have sufficient production to serv-
ice all the sales they make.

The companies had to make decisions in each of these areas
during each of ten quarters. At the end of each quarter they received
the results of their decisions. Each quarter lasted fifteen minutes, per-
mitting three quarters to be played during a class session. The only
fundamental change made in the conduct of the game from that given by
Andlinger was to have the teams submit their decision sheets in duplicate
rather than in single copies at the end of each quarter.

This slight change enabled the umpires to record the results of
the decisions on both copies and return them in duplicate to the teams,
who were then responsible for completing their own profit and loss state-
ments and balance sheets and turning the carbon copy of these completed
statements in to the umpire before the end of the next quarter. This
change relieved the busy umpires of the task of doing the bookkeeping for
each team, and the carbon copies gave the umpires a record of each
team's activities which they could check at their leisure for possible
errors.

Each class was broken into three teams. Ideally there would
have been an umpire for each team, but it was only possible for us to
have two in each class session. With the teams doing their own book-
keeping, two umpires were found to be adequate. However, the pace was
demanding, and it is doubtful whether the three teams could have been
handled with only one umpire, using such short quarters of fifteen min-
utes each.

Before the game began one class period was devoted to as-
signing the class members to company teams, going over the rules of the
game, and answering questions. Each team was required to meet before
the next class session so that the members could go over the rules to-
gether and decide on basic policies if they cared to. Anticipating that the

work load in keeping the records for each team would be rather heavy, each team was instructed to assign at least one "comptroller." Beyond this, the organization of each team was left entirely in the hands of the students.

After the ten quarters had been played, the students were to fill in a questionnaire, which attempted to find out how they had benefited from playing the game. The results will be discussed later in this report. Each team was also asked to submit a report on its organizational structure and how it operated.

After the game was completed and the results analyzed, a critique was held during which the different practices of the teams were discussed and compared. This discussion was particularly fruitful since it gave the students an opportunity to understand more fully what they had done and to comprehend the significance of their decisions.

Observations on the Effect or Impact of the Game

It would be desirable to have some objective measure of the impact of the game in increasing the student's understanding of management. Unfortunately, such objective measures of understanding are hard to come by. Consequently, we had to satisfy ourselves with the observations of the instructors serving as umpires, the records of the game decisions, the comments of the students during the critique period, and the written questionnaire. We assumed that evidence that students were aware of the kinds of inadequate decisions they had made and why they were inadequate would constitute evidence of an advance in understanding.

The nine teams were observed by five instructors from the Department of Management serving as umpires. All umpires agreed that the game immediately stimulated a great amount of interest and enthusiasm in the students. The students took the game seriously and before making a decision debated with great earnestness the alternate courses of action open to them.

As might be expected, there was considerably more effort and discussion than progress at the beginning. However, as might not be expected, as time went on, most teams made very rapid progress in becoming more skillful in the conduct of their operations. Mistakes and oversights were of course plentiful, but once made they were seldom repeated by a particular team. The teams learned rapidly from their successes and failures.

Post-game examination of the data made it obvious that those teams which had utilized the basic management concepts and organizational practices such as the division of labor, budgeting, and similar ideas and techniques did substantially better in conducting their affairs than did those which operated on a committee basis and utilized few basic concepts.

When the results of the game in terms of profits made, total assets accumulated, cash picture, and other factors were discussed with the entire class at the critique session and when the various teams were asked to describe how they were organized and operated, those that failed to use these concepts and techniques usually groaned aloud at their oversight even though there was no comment by an instructor. In short, they saw the effect of their omissions quite readily. To the observers it was apparent that the students had a far better understanding of management concepts and their interrelationships than they had possessed previously.

Students' Comments

When the game had been introduced to the students they had been given just a very brief explanation of the reasons for playing the game. Essentially it was presented as an exercise to replace some of the case discussions originally scheduled. Actually they had no real clues as to why the game was being added.

At the end of the game, a questionnaire was filled in anonymously by the students. This questionnaire was basically of an open-end design.

Question One asked, "Did you get any value from this project? Please be specific." Answers to this question indicated that 89% of the students thought that the project was of value. Of these, 35% found its principal vlaue to be the manner in which it illustrated the importance and complexity of management decision-making in the face of unknown factors. Thirty per cent felt that the game helped them by giving them an insight into the workings and significance of the managerial function in industry. An interesting point was that 19% claimed the game was of value in pointing out the importance of human relations. This was usually explained by saying that in the operation of their team they had seen the problems of working closely, under pressure, with other individuals. The remaining opinions as to why the game was of value were spread across such matters as an appreciation for policies, planning, control, and integration.

Question Two asked, "Did your group have outside meetings? How long? How many? What was done?" All groups had met at least once outside of class. However, since they were required to have at least one meeting, this was to be expected. Two of the nine teams had two meetings, and one had three meetings outside of class. It is interesting to note that the team that had three meetings was also the one which the umpires had previously decided made the best showing in playing the game. During these outside meetings, the three most frequently cited activities were discussing the rules, planning activities, and establishing policy.

The third question asked was, "If you were to play the game again, what would you do differently next time?" The answers to this

open-end question, while interesting, are too lengthy to report in detail here. However, some of the student suggestions for improving the game are incorporated in the next section of this report.

The fourth question asked, "What changes do you suggest should be made in the rules or in the way the game is played?" There was a considerable variety of answers. Twenty-three per cent suggested that a longer time be allowed for playing the game (that is, more than ten quarters). Twenty per cent felt that the rules had to be more adequately explained. Seventeen per cent felt that there should be less dependence upon random numbers and 13% felt there should be longer quarters.

Suggestions for Improving the Game

After considering the opinions and observations of the umpires and the suggestions made by the students, it seemed that certain changes would be helpful in the conduct of this game when it is used again for undergraduate students on this level:

1. Provide for a longer and more detailed explanation of the instructions. Initially about a half hour was allowed for going through a discussion of the rules by the instructor with the class. There are some areas of possible ambiguity in the instructions and it would be wise in future plays to have both a longer time for going over the instructions-- probably a full period--and a question period at a following class session to clear up any uncertainties that have arisen in the students' minds.

2. Increase the length of the quarters from fifteen minutes to a minimum of twenty minutes, and perhaps even a little longer at the start of the game. The periods were just a little too short, probably because of the fact that the teams had been given the additional assignment of keeping their own records.

3. Make the following information available to the players either by giving it to them along with the instructions or by enabling them to purchase it:
   a. The chances of making a sale without advertising and/or research and development improvement.

   b. The effect of advertising on the chance of making a sale.

   c. The effect of research and development expenditures on the probability of making a sale.

   d. The likelihood of making a product improvement at different levels of expenditure for research and development.

   e. The market potential of everyone in an area for four consecutive quarters at a market research expense of about $10,000.

4. Let the companies establish sales incentive programs which, for $1,000 a year, will reduce the chances of losing a salesman from five to three per cent.

Conclusions

In light of our experience discussed above, and on the basis of the observations by the umpires during the play of the game, the discussions during the critique sessions, and the information gathered from the student reports and questionnaires, it seems to us that the game has definite value as a stimulating teaching device in an undergraduate management program. Our experience with the game demonstrated that it was able to:

   a. Generate considerable student enthusiasm and interest.

   b. Make the necessity for certain techniques and concepts, such as budgeting and organization, "real" in a manner that could not be accomplished to the same degree through regular classroom techniques.

   c. Demonstrate the dynamic nature of the practice of management in an extremely forceful fashion.

   d. Show the integrative nature of management and why it is necessary for a manager to possess skill along this line.

Contrasting the business game with other teaching methods, such as lecture and case studies, it may be best described as an additional or supplemental teaching technique. For example, it cannot convey information as lectures can. And it does not permit the detailed, lengthy analysis of complicated problems that the case method provides.

On the other hand, it provides a setting wherein students are forced to "live" with their decisions. Both the wisdom of decisions and the ill-considered judgments made early in the game may be with them for many quarters of play.

For a heightened degree of realism and as a means of integrating many aspects of managerial knowledge and skill, it is particularly useful. It provides a type of realistic synthetic experience which cannot, in our opinion, be matched by any other teaching device. The game as we played it obtained these results in only four class sessions of fifty minutes each. It is difficult to imagine any other teaching device or technique accomplishing so much in such a short period of time.

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1. See G. R. Andlinger, "Business Games--Play One," Harvard Business Review, March-April, 1958, p. 115.

EACH MANAGER HAS HIS OWN COMPASS

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The manager announces his decision. Immediately some applaud, some are unconcerned, and others in various ways express their disappointment, frustration, or even anger--"How does he get that way?--And who does he think he is anyway?!"

Yes, every manager has his own set of criteria to guide him in arriving at decisions. In more or less routine situations, an intuitive set of criteria seems to work quite well and can generally be counted upon to result in acceptable decisions. But especially in a novel situation or when confronted with a new administrative job, it is believed that the formulation of such criteria at the conscious level is a matter of crucial importance. Here, then, for what it may be worth, is a tentative listing of the five facets of the decision-maker's compass as one student of management sees them.

1. The stated objectives of the organization as the manager interprets them.

2. The order of importance of these objectives as the manager views them.

3. His evaluation in regard to which of these objectives have been neglected or need immediate implementation.

4. His appraisal of the organizational means available or obtainable for the purpose of attaining these objectives in this particular situation.

5. His appraisal of his own abilities to act as a leader in accomplishing these objectives in this situation.

Such a formal statement of criteria assists the manager in identifying and evaluating the actual and potential factors and forces that have a bearing upon the managerial problem that confronts him. Clearly his personal values and his perceptive abilities in evaluating the situation assume critical significance.

Does this theory of decision-making suggest that the "actual decision in a particular instance is either right or wrong? No--it only offers an explanation of why the "actual decision" differs among various "deciders." Does it, then, follow that any argument concerning the differences in decisions should lead to a careful investigation of the personal capacities and abilities of individual "deciders"?

This student thinks "decidedly, yes!"

TOWARD A SCIENCE OF BUSINESS ADMINISTRATION

ROLLIN H. SIMONDS

MICHIGAN STATE UNIVERSITY

Although it is generally agreed that business administration is both a science and an art, it is the writer's contention that we have failed to develop the science portion to the extent that is feasible.

There is no doubt that business administration will always be a mixture of science and art. A business manager must have skills. If we have to choose between a higher degree of factual knowledge in one man and a higher degree of skill in another, we would probably appoint the second man to the administrative post. This assumes, however, a broad definition of skill. A man may have conceptual skill, ability to lead people, analytical skill, or skill in decision making. It is, therefore, perfectly proper that schools of business should attempt to develop such "skills" as an important part of their programs to educate students for business leadership.

But we must also have a science of business administration. And the importance of this should not be minimized. To the extent to which business operations can be put on a basis of scientifically established principles, to that extent will its quality be higher and its progress more rapid, and the greater will be the esteem in which its students are held.

Business courses as a whole are open to criticism on the ground that they consist in too large a part either of description or of recommendations that the business manager do or not do this thing or that. Clearly business courses must include some description. For any science or art to be realistic, it must include sufficient descriptive material to enable students to see what it is with which they are dealing and to discern the kinds of situations within which affairs are to be managed.

On the other hand, if education for business were to content itself with being merely descriptive, it would deserve considerable opprobrium. Most leaders in business education recognize that schools of business must look to the future and attempt to give people a foundation for business management 10 to 20 years after graduation in addition to providing knowledge that will serve as an immediate entrée into business. Schools of business rightly seek to improve the conduct of business on technical, ethical, social, and other grounds. The typical business administration book, however, perhaps too frequently relates either what is being done or what must or should be done, without an adequate demonstration of the causal relationships that underlie the exhortation.

It is the writer's contention that we should now develop and extend the science portion of business administration just as quickly as we can. When this is done, there will still remain a large area of art in applying this science to the managing of a business enterprise.

Such a science of business administration should rest upon its own foundation. It should not be merely a collection of a little engineering, a little of mathematics, a little of sociology and psychology, and other disciplines. It should be a science of business, distinguished from other behavioral studies in that its point of view is that of the managers of business enterprises. It must use the findings of the sociologist, the psychologist, the statistician; but it has a distinctive approach of its own.

Its fundamental unit, the writer ventures to suggest, is a "unit of business enterprise." That enterprise may be a one-man business or it may be General Motors. Within General Motors there are other units of business enterprise, as for example, the Buick Division, since this Division is sufficiently independent to have most of the characteristics of a unit of business enterprise.

A science of business administration is concerned both with the internal and the external aspects of business operations. It includes the functioning of the unit as a whole and its relation to the market for its product, to other competitive units in its industry, to its labor market, to its sources of supplies, and to its community and nation; and it involves the organization and administration of the various functions, such as production, purchasing, financing, and marketing that, taken together, result in the performance of the given unit of business enterprise.

It may be noted that almost all of the functions have to be performed regardless of whether one or more people handle them and irrespective of whether the size of the unit is such that there are separate departments for each individual phase of every function.

As this science develops--and of course we are not starting from scratch--there will be more and more stress on stating rather precisely cause-and-effect relationships and on securing empirical data to substantiate or disprove these statements. Then the results of one investigation may be integrated with another until very substantial evidence is accumulated in support of a set of scientific principles.

There now exists a considerable body of business administration "theory" in which we have not clearly distinguished between scientifically developed principles consisting of cause-and-effect relationships and/or facts basic to units of business enterprise on the one hand and a compendium of recommendations as to practice that have evolved out of intuition, unverified reasoning, and experience on the other. Many of the "principles of management" were stated in some form long ago by writers

such as Henri Fayol and Harrington Emerson. Other writers have refined and restated these early statements, apparently relying primarily on logical reasoning and their own personal and typically unsystematic observations. This kind of development may easily lead to generalizations that carry authority largely because of their plausibility and repetition by eminent writers.

To illustrate, in the realm of organization theory there has in recent years been some controversy over the "principle" of "span of control." Writers have said the span of control should not be too broad, it should be narrower at higher levels in an organization structure, and the chief executive should not have more than seven or eight administrators reporting to him.

On the other hand, many other writers have stated there should not be too many levels of administration in an organization and the organization structure should be flatter.[1]

Some have seen apparent conflict between these two "principles"[2] and have charged that organization theory is full of conflicts, and that it is not authoritative, not scientific. The writer would argue that the apparent contradiction here is simply the result of stating the principles involved in a hortatory way, taking a normative view. When we shall have built more of a science, these ideas will appear as cause and effect relationships, with the word "should" appearing in them less often.

See how the span of control "contradiction" disappears if we state the ideas in another way:

1. The smaller the span of control, the more effectively the executive in the supervisory position can supervise, control, and co-ordinate the work of his subordinates. At higher levels in an organization it is not possible for an executive to exert a given degree of supervision over as many people as he could at lower levels.

2. The more levels in an organization structure, the more difficult will be communication.

3. The more thoroughly and closely a man is supervised and controlled, the less rapidly is he likely to develop his own initiative and decision making ability. (This statement may need a good deal more proof, but it is likely that evidence can be found to support it.)

4. When executives are not closely supervised and controlled, there is more likelihood, particularly during the period of learning the job and developing judgmental ability, that they will make mistakes, some of which will cost the company money. (Again, more empirical evidence would be desirable in connection with this statement.)

Other cause and effect relationships might be pointed out, but these suffice to indicate that the principles can be stated in non-contradictory fashion. When the relationships are understood, it becomes apparent that decisions as to whether to use a reduced span of control or fewer levels depend primarily on the objectives sought, the risks involved, and the quality and variety of the duties of the people who supervise and are supervised. The cause-and-effect relationship way of stating the ideas does bring out clearly, however, that an organization plan that adds levels without reducing the span of control is suspect unless there are special circumstances that can logically be demonstrated to overbalance the failure to conform to the implications of the "principle."

In time this type of research may lead to more precise statement of our principles and possibly bring a few surprises in terms of actual results. There may be very little sand in the foundations of our traditional precepts, but in their present form, we would be hard put to provide rigorous proof for them.

FOOTNOTES

1. For an interesting discussion of the "span of managerial responsibility" see Peter F. Drucker, The Practice of Management (New York, Harper and Brothers Publishers, 1954), pp. 139-140.

2. For an interesting analysis of some of the attendant problems, cf. Herbert A. Simon, Administrative Behavior (New York, The Macmillan Company, 1957), pp. 20-44.

ACADEMY OF MANAGEMENT
NEWS AND NOTES

Notes From The Research And Publications Committee Of The Academy
Of Management

One task of the Research and Publications Committee this year has been
to invite the attention of Academy members to various research opportuni-
ties that have come to the attention of the Committee. To this end, a re-
cent bulletin was sent to all members detailing several sources of research
support. Among these were:

> (a) Packaging Management Research being supported by the
> American Management Association Fund for the Advancement
> of Packaging. Write to Mr. John Wood, Packaging Coordinator,
> American Management Association, 330 West 42nd Street, New
> York City.
> (b) Hospital Research, for which the California Hospital Association
> is interested in supporting research projects. Address inquiries
> to Mr. Avery Millard, Executive Director, California Hospital
> Association, 760 Market Street, San Francisco, California.
> (c) Office Management Research, in which Mr. T. M. Cox, Jr.,
> of Owens-Illinois at Toledo, Ohio, has partial background material
> concerning a new organizational concept for data processing that
> he would be willing to make available to a qualified researcher.

Since the above three items of research information were received, the
Committee has obtained a report of the Small Business Administration,
Washington, D.C. on its 1959 grant program for research in small busi-
ness management, under the Small Business Investment Act of 1958. This
agency is authorized to make a research grant up to $40,000 a year in
each state of the United States to certain state agencies and educational
institutions. Both engineering and business schools are eligible, as well
as other departments in colleges and universities. Project proposals for
the 1960 competition are welcomed, and interested persons are invited to
write the Small Business Administration for the regulations covering the
1960 grant program. The closing date for submitting projects for 1960
is October 31, 1959.

Three persons have recently been awarded research grants by the Ameri-
can Management Association in co-operation with the Academy of Management:

> (1) A Study of Capital Management, by Professor Arthur
> Lesser $2,000.00
> (2) A Study of Management Consulting, by Professor
> Charles L. Quittmeyer, University of Virginia   500.00
> (3) The Emergence of Staff Functions, by Professor
> Joseph A. Litterer, University of Illinois   832.00

D. E. McFarland
Chairman, Research and
Publications Committee

Professor Karl E. Leib, after spending two years at the University of Illinois as Visiting Professor, has now joined the faculty of Southern Illinois University at Carbondale, Illinois.

Robert W. Carney, Associate Professor of Management at Emory University, Emory University, Georgia, has been named Administrator of the Advanced Management Program at Sea Island, Georgia. This program is jointly sponsored by Emory University School of Business Administration and the Associated Industries of Georgia.

Rhea H. West, Jr., formerly at the University of Arkansas, is now teaching at the Sloan School of Industrial Management, Massachusetts Institute of Technology, Cambridge, Massachusetts.

Claude S. George, Jr. has been promoted to Professor of Industrial Management in the School of Business Administration of the University of North Carolina, Chapel Hill, North Carolina.

Dean Richard Donham, of Northwestern University, will return to Japan for one month during September and October to help the Japanese themselves to take over the leadership of top management seminars by the case method. Dean Donham and Japanese businessmen have served as moderators for these groups during the past two years. Two of Northwestern University's professors are presently working with Japanese professors in preparing cases on the spot. It is hoped that the top executives of Japan will themselves be able to conduct meetings of this kind in the future.

Professor Stewart Y. McMullen, Professor of Management at Northwestern University, has been appointed Head of the Department of Management at the University of Illinois. He replaces Professor M. J. Mandeville, who decided to step down as Head of the Department already last fall.

Arthur M. Whitehill, Jr., Reynolds Professor of Human Relations in Industry at the University of North Carolina's School of Business Administration, is spending the summer in Japan where he is conducting studies in worker motivation within the framework of Japanese culture.

A Management Center has been established within the College of Business Administration of the University of Florida, with Professor Clifton Oliver as its Director. The Center will offer management development programs and institutes, disseminate information, and offer consulting services to business. Many programs will be offered in conjunction with the General Extension Division of Florida.

Lyle R. Trueblood has been promoted from Acting Head of the Management Department, College of Business Administration, University of Tulsa, Tulsa, Oklahoma, to Head of the department.

J. Allen Harlan, Associate Professor at the University of Illinois and formerly Vice-President for Sales, General Motors Corporation, will serve as Visiting Professor at the University of Arizona, Tucson, Arizona, for the school year of 1959-60.

Professor William M. Fox, of the University of Florida, who has returned from Helsinki, Finland on a one-year Fulbright award, has reported as follows in regard to his experience with the sauna (a glorified public bath house) in Finland:

"The sauna is quite an institution here. Some time ago I was invited to have a deluxe job with scrubbing. First we went into the heat room or "moderate" oven where a big roaring stove keeps the temperature perched at about 117° degrees C. or more Fahrenheit until you are sure that your hair will burst into flames. If it were not so dry one really would cook, and every time that some eager beaver throws water on the stove you really feel the wave of heat caused by the improved conduction. It is optional whether or not you wish to beat yourself with leafy branches (personally, I find it hard enough just to survive in there with absolutely no extra-curricular activity.) When you feel that your hair is ready to burst into flame, it is time to, (a) run and jump into a cool pool or snow, whichever is handier (to my amazement this is wonderful), (b) take a shower (the coward's out), or (c) deliver yourself into the hands (literally) of the scrubwoman. Without question this is the most interesting and challenging alternative for an American. I might add that what these women lack in charm and beauty they more than make up for in thoroughness and devotion to duty!

"It is amazing how popular the sauna is--many people build it first and then live in it while building the house. Practically every lake cottage has one and they have a booming business here in new portable sauna kits. Many of the older Finns from the country were born in the sauna. A doctor recently wrote of this and pointed out how few mothers needed further attention due to the sterile nature of the hot room. There was even a certain sacred quality to the sauna. Children were told to be very quiet there as if for fear that they might drive away the benevolent spirits. Somewhat in line with this is the saying that a sick person first tries brandy, then the doctor, and then the sauna. If the sauna doesn't work, he may as well throw in the towel."

Professor Fox remarked that it took some time for him to recover from the initial shock of having his students in Finland stand when he enters the classroom and await his signal to be seated. The students are not accustomed to classroom participation as we have it, and it is quite a challenge to try to start discussion.

Professor Fox reported that there were many other little things that impressed him and his family in Finland: warm soft drinks; when one calls on people one takes 3, 5, 7, or 9 flowers (never an even number); men in jodhpurs, black boots, and French berets; a mixed drink containing six grams of brandy put up by a local soft drink bottling company; three classes (strengths) of beer; seven legitimate theaters (which alternate nights

with three or four productions at once) and three excellent symphony or-
chestras in Helsinki; hundreds of Russian Pobeda taxis, which are like un-
guided missiles in town--especially at night when people are very sporting
and drive with parking lights only; and the largest department store in
Helsinki gives a spare collar to be sewn on later with each purchase of a
shirt. Finally, large numbers of wives work in jobs that are normally
handled by men in this country. There are no male barbers to speak of
and very few male car washers or waxers; there are some lady street-
cleaners and many female dentists, pharmacists, chemical engineers,
laboratory directors, and sauna scrubwomen.

Lee E. Danielson has been promoted to Associate Professor of Industrial
Relations, University of Michigan, effective with the school year 1959-60.

On July 31, 1959 Rev. James J. McGinley, Sr., Dean, School of Business,
Fordham University, was appointed President of Canisius College, Buffalo,
New York.

Wilmar Bernthal and John Doutt of the University of Colorado, Boulder,
Colorado, have both been promoted to Associate Professor of Management.

Franklin G. Moore, Professor of Industrial Management, University of
Michigan, is on leave for the year 1959-60, to serve as Lecturer with
the European Productivity Agency. He will conduct seminars, consult
with faculties and business men, and make suggestions on courses and
curricula in various European schools.

A basic long-range objective of the Division of Research, Graduate School
of Business Administration, University of California at Los Angeles, is
to devote one-quarter of its time to full-time research, in addition to the
part-time research traditionally carried on jointly with teaching activities.
This means that the goal is to permit each member of the faculty to spend
every fourth year--or fourth semester--solely on research.

Rev. Philip E. Dobson, S.J., formerly President of Canisius College, was
appointed Dean, School of Business, Fordham University.

Robert C. Manhart, Professor of Business Management, was granted a
leave of absence from September 1, 1958 to August 31, 1960 to assist
Washington University in their contract with ICA for helping Korean uni-
versities modernize their schools of business administration.

I. Abramowitz, Associate Professor of Management, School of Commerce,
University of Wisconsin, has resigned to become executive vice-president
of the Carlon Products Corporation, Cleveland, Ohio.

The School of Business of the University of South Dakota is sponsoring an Area College Business Teachers' Day for October 10, 1959. The purpose of this event is to provide an opportunity for College business teachers to converse and discuss common problems.

Professor Edward H Bowman of the School of Industrial Management at Massachusetts Institute of Technology is teaching in Europe this spring under the auspices of the European Productivity Agency. The countries in which he has been teaching include England, Sweden, and The Netherlands, and he also hopes to attend the European Professors' Conference in Italy during the month of August.

The College of Business Administration, Bowling Green State University, Bowling Green, Ohio, is moving, effective with the fall semester, to a remodeled building, where all faculty offices and practically all classes of the College will be in the one building, which is to be renamed. A new building for the College is being planned, with construction anticipated in the early 1960's. Bowling Green State University celebrates its Golden Anniversary during the 1959-60 academic year. A Business-Industry Convocation, scheduled for November 12, 1959, will be one of the five major events of the year.

Winston Oberg, of the Department of Personnel and Production Administration at Michigan State University, left August 15 for a two-year tour of duty at Michigan State University's co-operative business administration program at the University of Rio Grande do Sul in Porto Alegre, Brazil.

Edward G. Koch, Professor of Business Administration, University of Toledo, Toledo, Ohio, is a Visiting Professor of Business Administration, Graduate School of Business Administration, University of California at Los Angeles.

Merten J. Mandeville, Professor of Management, at the University of Illinois and President of the Academy of Management is touring most countries of Western and Northern Europe this summer. His itinerary includes a stay in Russia, where he and Vice-President Nixon are spreading American goodwill among the Russian people.

James B. Boulden, Assistant Professor of Business Administration, University of California at Los Angeles, was promoted to Acting Assistant Dean, Student Affairs.

Professor E. H. van Delden has accepted a full-time appointment as Professor of Management in the Graduate School of Business Administration of New York University effective September, 1959. He was recently re-elected Director of the Northeastern Life Insurance Company of New York, and will continue his work as a management consultant to several government organizations.

Waino W. Suojanen has been appointed Associate Professor of Management in the Management School, United States Naval Postgraduate School, Monterey, California.

Dr. Elmore Petersen, 70, dean emeritus of the School of Business at the University of Colorado and nationally known lecturer and writer on business administration, died very suddenly following a heart attack, at a meeting of the Retired Business and Professional Men's Club in Santa Barbara, California on Thursday, June 18, 1959.

Dr. Petersen and his wife, the former Florence Hepp, came to live at 2898 Exeter Place in Santa Barbara in 1955, two years after he had retired after serving on the faculty of the University of Colorado for 38 years.

Since his retirement he had lectured widely and written in the fields of management and administration and traveled to Latin American countries with Mrs. Petersen.

He had taught in the fields of economics and business at the University of South Dakota, University of Illinois, Ohio State University, Stanford University, and the University of Colorado. He served as Dean of the Extension Division at Colorado from 1915 to 1932 and as Dean of the School of Business from 1932 until his retirement several years ago.

Dr. Petersen was greatly interested in the Journal of the Academy of Management. His brief article, entitled Building People, was published in the April, 1959 issue of the Journal.

William R. Campbell, formerly Assistant Professor of Management, University of Kansas City, has joined the staff of the Department of Management, Arizona State University, Tempe, Arizona.

Paul J. Gordon will leave Emory University, Decatur, Georgia in September, 1959 to accept a position as Associate Professor of Management at Indiana University, Bloomington, Indiana.

Clausin D. Hadley, of the College of Business Administration, University of Santa Clara, California, has completed two re-development studies for the Cities of Santa Clara and Sunnyvale, and is now working on a research project on medium- and small-sized businesses in the area.

Professor Richard K. Gaumnitz will be on leave from the University of Minnesota for 1959-60, to serve as consultant on management education for the European Productivity Agency. His headquarters will be in Paris. His assignment will involve assistance on policy in the establishment and operation of schools of business in various countries and participation in the selection of European professors for further education in the United States, as well as American professors to serve temporarily in European schools.

Professor Albert K. Wickesberg has been promoted to Professor of Management and Chairman of the Department of Business Administration, School of Business Administration, University of Minnesota, for the academic year, 1959-60.

The Southern Case Writers' Association has just received a $100,000 grant from the Ford Foundation to underwrite a two-year program of case preparation. An Orientation Session will be held at the Mayo Hotel, Tulsa, Oklahoma on September 5-9, 1959. The Association was founded in Memphis, Tennessee on November 7, 1957. The original membership was made up of professors who had attended the Ford Foundation sponsored Harvard Business Case Seminars. Provision has been made to admit other professors who have not had the Seminar training. Each year as additional southern universities send representatives to the Harvard program, the new men are added to the roster of the Association. The purpose of the Association is to encourage the writing and use of cases. The first objective is to produce cases to be used in a "Policy course". This is an integrating course at the senior or graduate level. The cases will break down the notion that some students have that business problems exist as isolated problems of accounting, marketing, finance, or production. The integrated case material will show the interrelationships of the knowledge gathered in previous courses and the application of this information to specific business situations.

The Southern Regional Education Board at Atlanta, Georgia has agreed to act as the fiscal agent for the Association.

At the Orientation Meeting outstanding consultants from the organizational theory field will work with the case writers helping them acquire a better understanding of some of the new and interesting theories that are being advanced in the behavioral sciences. Dr. Raymond A. Bauer, Ford Foundation Visiting Professor, Harvard Graduate School of Business, will be the chairman of the consultants. Dr. Nicholas J. Dermerath, Director of Social Research Institute, Washington University, St. Louis, Missouri, and Dr. Howard Baumgartel, Chairman of the Human Relations Department, University of Kansas, will be his associates.

The following case writers are the executive Committee of the Association:

Dean M. M. Hargrove, Chairman	University of Tulsa
Dr. Preston LeBreton	Louisiana State University
Dr. William T. Hicks	University of Mississippi
Dr. Curtis E. Tate, Secretary	University of Georgia
Dr. Ralph B. Thompson	University of Florida

Preston P. LeBreton is in charge of the Management Program for the Management Section of the Southern Economic Association Convention. He will also speak before the Marketing group at the same conference. The scheduled program of the Management Section is presented on the following page.

MANAGEMENT SECTION

Southern Economic Association
Jacksonville, Florida
November 20, 1959

10:00 A.M. "A New Approach To The Study of Management--Functional"

Speaker: Dalton McFarland, Michigan State University
Moderator: Claude S. George, University of North Carolina

11:00 A.M. "Planning Theory"

Speaker: William V. Wilnot, University of Florida
Moderator: Richard I. Levin, University of North Carolina

12:30 P.M. Management Luncheon

"Where Are We Going In Management Education?"

Speaker: Merten J. Mandeville, University of Illinois,
President of the Academy of Management·

Introduction: E. H. Anderson, University of Alabama

2:30 P.M. Panel Discussion on Selected Topics

Moderator: Leon Megginson, Lousiana State University

RESEARCH PROJECTS REPORTED BY ACADEMY MEMBERS

John Doutt, of the University of Colorado, has received a grant from the Small Business Administration to work on small business case studies.

Otis Lipstreu, of the University of Colorado, is researching personnel problems related to business automation.

The University of Minnesota has received a grant of $40,000 for the year 1959-60 from the Small Business Administration for a group research project on "Basic Planning for Small Business." As a part of this project Academy member Professor Albert K. Wickesberg will make a study of "Growth Stages and Their Effect on Organization in the Small Firm."

Preston P. LeBreton, Head, Departments of Management and Marketing, Louisiana State University, has received a $5,500 grant from the Small Business Administration to conduct a study on planning for small business-men. The manuscript is expected to cover about 350 pages and will be completed around August, 1960.

Reasons why small manufacturers succeed or fail in Iowa will be studied
in a two-year research project by Clifford M. Baumback, research asso-
ciate in The State University of Iowa Bureau of Business and Economic
Research.
In a three-fold approach, the research project will detail, on an industry-
by-industry basis, the growth or decline of small manufacturers in Iowa
between 1954 and 1959, analyze the successes or failures of firms en-
gaged in the same type of industry, and develop operations research models
for improved managerial decision making. The research will be accom-
plished by the SUI Bureau, with co-operation of economics and sociology
staff members at the Iowa State University of Science and Technology at
Ames, Iowa and will be supervised by Dr. Clifford M. Baumback.
Made possible by a recent $39,000 grant to the SUI Bureau by the United
States Small Business Administration under the Small Business Investment
Act of 1958, this project will evaluate the management function of the
whole business organization as well as its separate parts. Included in
the evaluation will be effectiveness in financial, marketing, and production
management.

A recent 28-page report covering the status of research projects in progress
at the Harvard University Graduate School of Business Administration, pre-
sented a comparison of budget figures of the current year and the two
preceding years with the actual expenditures of the two preceding years:

	Budget	Actual
1956-57	$528,746	$402,100
1957-58	516,160	375,657
1958-59	590,653	

Financial support for this important part of the School's activities has come
from the unrestricted research funds provided by The Associates of the
Harvard Business School, the Ford Foundation, and endowments for research
as well as from gifts for specific areas of research or specific projects
which have been made by business firms, foundations, and trade associations.
In 1958 three new major grants were received by the School in support of
research activities. In March 1958 the Sperry and Hutchinson Company
made a grant to the School of $12,500 for use during the next academic
year for research in marketing and especially in the competitive aspects
of retailing in marketing. These funds may be used for either doctoral
dissertations or faculty research. At the end of March a grant of $1,100,000
was received from the Ford Foundation in support of the doctoral program,
the summer seminars in the case method of instruction, and faculty research.
This grant will provide support for the research program at a rate of approx-
imately $50,000 per year over a period of about five years. Finally, early
in June the Trustees of the Merrill Foundation for Advancement of Financial
Knowledge, Inc. provided a grant of $276,000 to the School in support of
the study of capital markets in the United States. This project is a joint
project of Harvard University, the Harvard Economics Department, and
Massachusetts Institute of Technology.

BOOKS REPORTED IN PROGRESS BY ACADEMY MEMBERS

Martin F. Schmidt and Wilmar Bernthal are co-authors of a book entitled Explorations in Human Relations published by the Bureau of Business Research, University of Colorado.

Harold Koontz, Professor of Business Policy and Transportation, and Cyril J. O'Donnell, Professor of Business Organization and Policy, have written a new book, Readings in Management, published by McGraw-Hill Book Company, Inc., 1959.

Professor Claude S. George, Jr., of the University of North Carolina, is the author of Management In Industry, published in 1959 by Prentice-Hall Publishing Company.

Paul M. Dauten, Jr., Professor of Business Management at the University of Illinois, is author of a monograph entitled, A New Interdisciplinary Approach to Human Relations and Management, published by Stipes Publishing Company, Urbana, Illinois.

Professor Charles L. Lapp, of Washington University, is author of a recent book entitled, Personal Supervision of Outside Salesmen. The book summarizes the findings of a comprehensive, three-year survey of a cross-section of the 16,000 members of the National Sales Executives. The study was made in co-operation with the national organization. This book is available in paperback form from Business Book Company, 7162 Pershing Avenue, St. Louis 5, Missouri.

Professor Stanley J. Seimer, of the College of Business Administration, Syracuse University, Syracuse, New York, is author of a book titled Suggestion Plans In American Industry and published by the Syracuse University Press, 1959.